



VA Recommendations to the

ASSET AND INFRASTRUCTURE REVIEW COMMISSION

March 2022

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VISN 20

Market Recommendations



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VISN 20 Alaska Market

The Veterans Integrated Service Network (VISN) 20 Alaska Market serves Veterans in Alaska. The recommendation includes justification for the proposed action, the results of the cost benefit analysis, and an overview of how the market recommendation is consistent with the MISSION Act Section 203 selection criteria.¹

VA's Commitment to Veterans in the Alaska Market

The Department of Veterans Affairs (VA) is committed to providing equitable Veteran access to safe and high-quality care and services in VISN 20's Alaska Market. We will operate a high-performing integrated delivery network that provides access to VA care, supplemented by care provided by Federal partners, academic affiliates, and community providers.

Based on substantial data analysis, interviews with VISN and VA medical center (VAMC) leaders, consultation with senior VA leadership, and the input received from Veterans and stakeholders, VA has developed a recommendation designed to ensure that Veterans today and for generations to come have access to the high-quality care they have earned. The recommendation also makes sure that VA continues to execute on its additional missions: education and training, research, and emergency preparedness. As VA considers implementing any recommendation approved by the Asset and Infrastructure Review (AIR) Commission, implementation will be carefully sequenced so that facilities or partnerships to which care will be realigned are fully established before the proposed realignment occurs.

Market Strategy

Veteran enrollees in the Alaska Market are projected to increase significantly. Demand is also projected to increase for inpatient medical, surgical, mental health services, long-term care, and outpatient services. In addition to providing care within its own facilities, VA also partners with the Department of Defense (DoD) and Tribal organizations to provide care. There is a need to expand access to VA health care to meet the existing and projected Veteran demand. The strategy for the market is intended to provide Veterans today and in the future with access to high-quality, conveniently located care in modern infrastructure. Key elements of the strategy are described below:

- **Provide equitable access to outpatient care through modern facilities close to where Veterans live and through the integration of virtual care:** VA's recommendation maintains outpatient sites offering primary care, mental health, and low acuity specialty care services in VA, DoD, and Tribal facilities. Multiple community-based outpatient clinic (CBOC) expansions are currently in progress including in Fairbanks, Kenai, and Mat-Su.
- **Enhance VA's unique strengths in caring for Veterans with complex needs:** VA's recommendation maintains inpatient mental health services within VA-owned facilities and through its DoD and community partnerships and invests in a modern replacement residential rehabilitation treatment program (RRTP) and a new community living center (CLC) in Anchorage,

¹ Please see the Volume II Reading Guide for more information concerning the purpose of each Market Recommendation section and key definitions.

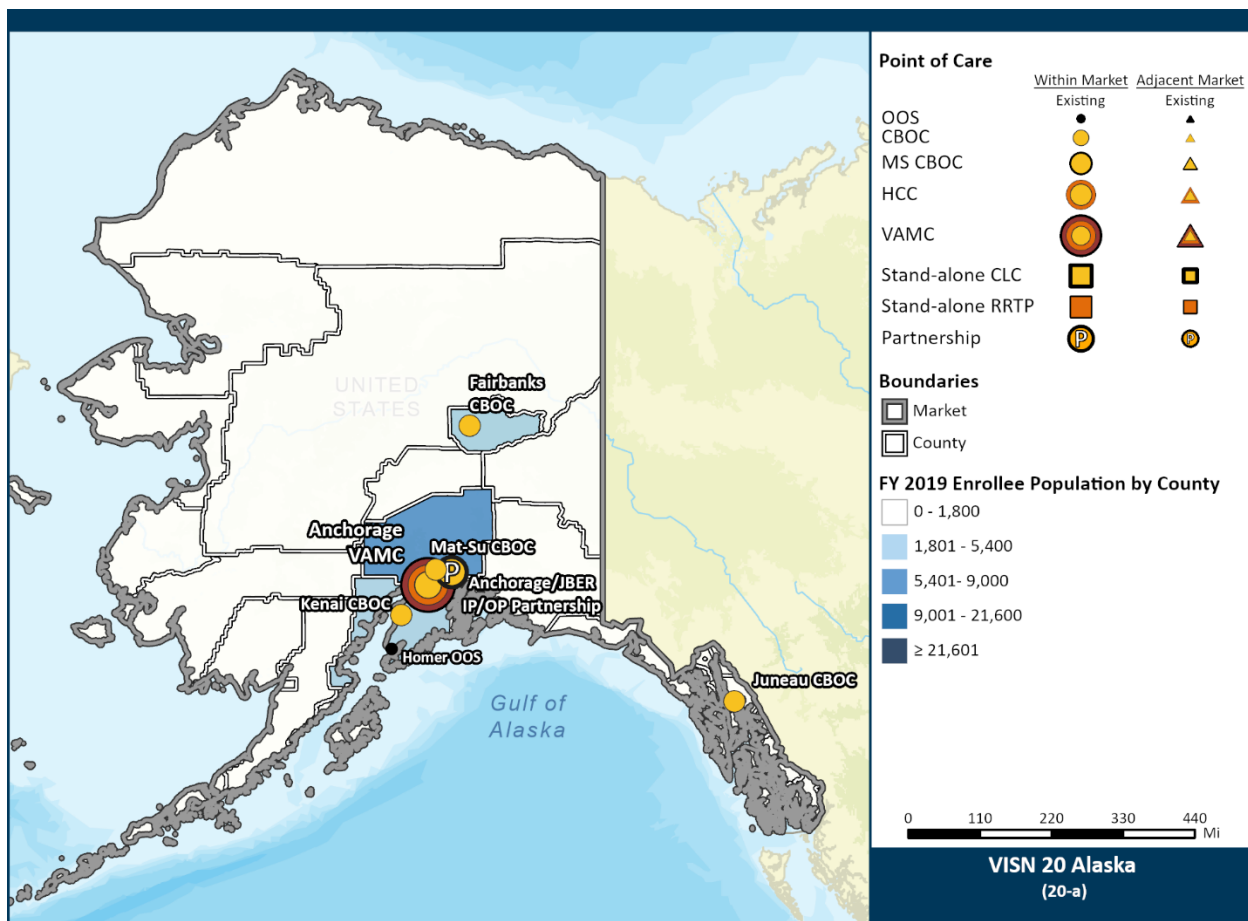
Alaska. Inpatient spinal cord injuries and disorders (SCI/D) and blind rehabilitation are regional services. Inpatient SCI/D services will be provided at the Seattle VAMC. Inpatient blind rehabilitation services will be provided through the facilities in the Northwest Region, including the American Lake, Washington VAMC (VISN 20) and the Palo Alto, California VAMC (VISN 21).

- **Provide equitable access to quality inpatient medical and surgical care through the optimized use of care delivered in VA facilities and through partnerships, community providers, and virtual care:** VA's recommendation expands utilization of local partnerships with community, Tribal, and DoD hospitals to provide inpatient medical and surgical care.

Market Overview

The market overview includes a map of the Alaska Market, key metrics for the market, and select considerations used in forming the market recommendation.

Market Map



Note: A partnership is a strategic collaboration between VA and a non-VA entity.

Facilities: The market has one VAMC (Anchorage), four CBOCs, and one other outpatient services (OOS) facility.

Enrollees: In fiscal year (FY) 2019, the market had 33,979 enrollees and is projected to experience a 9.7% increase in enrolled Veterans by FY 2029. The largest enrollee populations are in the counties of Anchorage, Matanuska-Susitna, and Fairbanks North Star, Alaska.

Demand: Demand² in the market for inpatient medical and surgical services is projected to increase by 21.5% and demand for inpatient mental health services is projected to increase 21.9% between FY 2019 and FY 2029. Demand for long-term care³ is projected to increase 78.1%. Demand for all outpatient services,⁴ including primary care, mental health, specialty care, dental care, and rehabilitation therapies, is projected to increase.

Rurality: The Alaska Market is highly rural. 53.4% of enrollees in the market live in rural areas compared to the VA national average of 32.5%.

Access: 77.7% of Veterans in the market live within a 30-minute drive time of a VA primary care site, and 0.0% of Veterans live within a 60-minute drive time of a VA secondary care site. Note: Secondary care sites include VA facilities providing surgery with anesthesia or acute inpatient services. Enrollees have access to outpatient specialty care services in this market, including at Joint Base Elmendorf-Richardson and multi-specialty community-based outpatient clinics (MS CBOCs).

Community Capacity: As of 2019, community providers⁵ in the market within a 60-minute drive time of the VAMC had an inpatient acute occupancy rate⁶ of 69.3% (92 available beds).⁷ There are no inpatient mental health service beds available at community providers within a 60-minute drive time of the VAMC. Community nursing homes within a 30-minute drive time of the VAMC were operating at an occupancy rate of 91.4%, indicating limited community availability. Community residential rehabilitation programs⁸ that match the breadth of services provided by VA are not widely available in the market.

Mission: VA has educational affiliations in the market that include nursing and allied health programs. The Anchorage VAMC conducts limited or no research and has no emergency designation.⁹

Facility Overview

Anchorage VAMC: The Anchorage VAMC is located in Anchorage, Alaska, and offers primary care, mental health, and specialty care outpatient services. In FY 2019, the Anchorage VAMC had an RRTP average daily census (ADC) of 50.9.

The Anchorage VAMC was built in 2010 on 17 acres. The VAMC is collocated with DoD Joint Base Elmendorf-Richardson and is connected to the DoD hospital via an enclosed bridge. This partnership provides inpatient medical and surgical services and mental health services to Veterans in the area. VA

² Projected market demand for inpatient medical and surgical services is based on VA's Enrollee Health Care Projection Model (EHCPM) in bed days of care (BDOC).

³ Projected market demand for inpatient Long-Term Services and Supports (LTSS) is based on VA's EHCPM in BDOC.

⁴ Projected market demand for outpatient services is based on VA's EHCPM in relative value units (RVUs).

⁵ Community providers include Veterans Community Care Program (VCCP) providers and potential VCCP providers.

⁶ Occupancy rates are calculated by dividing the total average daily census (ADC) by the total number of operating beds. Beds at hospitals or nursing homes above the target occupancy rates are excluded.

⁷ Available beds in the community are estimated using a target occupancy rate of 80% for hospitals and 90% for community nursing homes. Beds at hospitals or nursing homes above the target occupancy rates are excluded.

⁸ Includes community residential rehabilitation programs similar to VA's RRTP, blind rehabilitation, and rehabilitative SCI/D services.

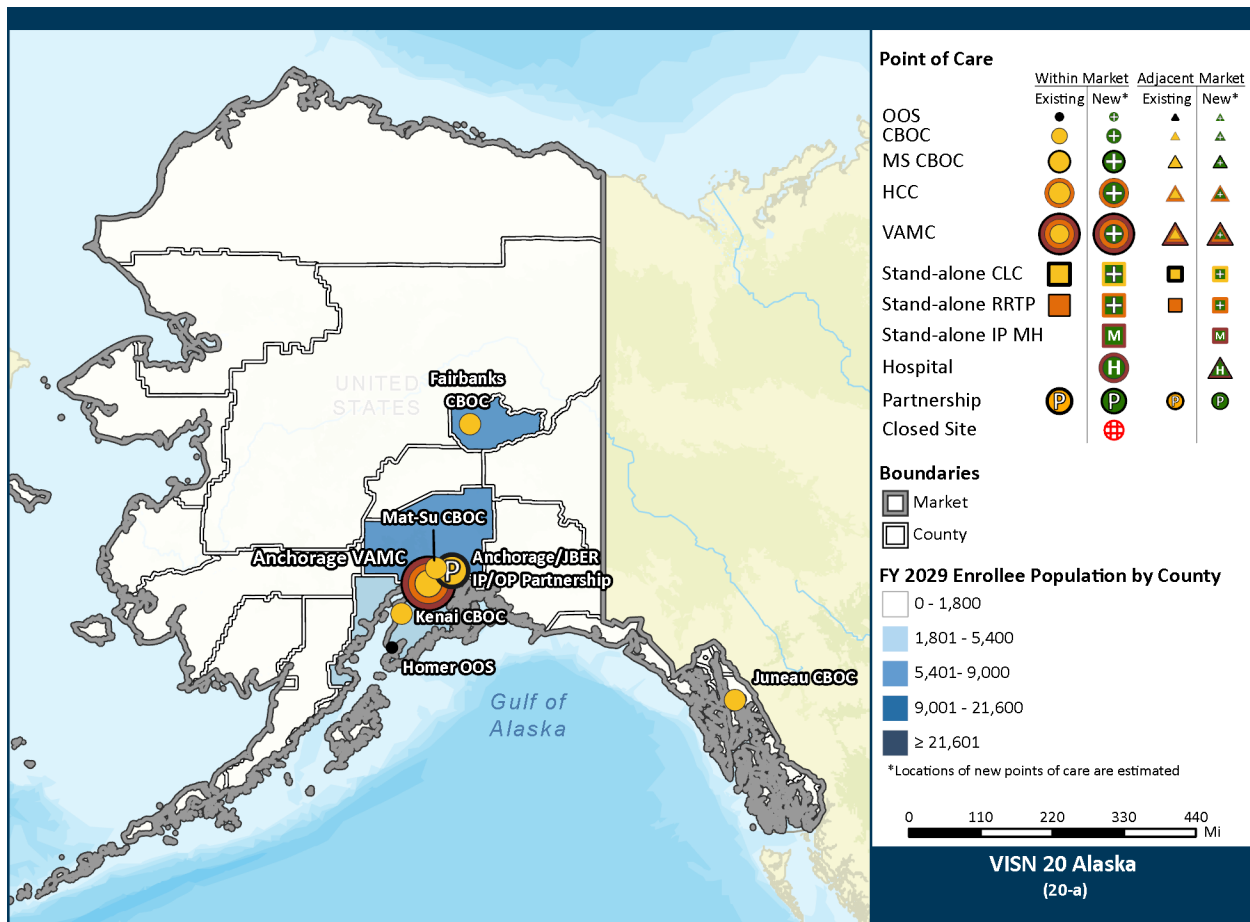
⁹ VAMCs participating in the National Disaster Medical System are designated as Federal Coordinating Centers. Select Federal Coordinating Centers are also designated as Primary Receiving Centers.

has over 90 full-time equivalent (FTE) clinical staff working within the DoD hospital. At the Anchorage VAMC, facility condition assessment (FCA) deficiencies are approximately \$4.1M, and annual operations and maintenance costs are an estimated \$4.8M. The RRTP is also in Anchorage, Alaska, and was constructed in 1969, and has FCA deficiencies of approximately \$0.6M.

Recommendation and Justification

This section details the VISN 20 Alaska Market recommendation and justification for each element of the recommendation.

Future Market Map



- 1. Modernize and realign by closing the existing Anchorage RRTP and relocating those services to a new site in the vicinity of the Anchorage VAMC:** The existing RRTP facility is an outdated facility constructed in 1969, with significant infrastructure issues and FCA deficiencies totaling \$0.6M. Average daily census demand in the market is projected to be 19.4 in FY 2028. There is limited community capacity. The RRTP would ideally be located closer to VA's existing outpatient facility as staff are shared across sites. It will be a stand-alone facility as there is no available land on-site or adjacent to the Anchorage VAMC. If feasible, VA will enter into a strategic collaboration with the Alaska Native Medical Center to build a joint facility that also serves Native Americans, expanding successful partnerships with Tribal Organizations throughout the state.

2. **Modernize and realign by establishing a CLC in the vicinity of the Anchorage VAMC:** VA has no CLC beds in the Alaska Market, and community capacity in Anchorage was operating at 91.4% occupancy in FY 2019. Total market demand for long-term care is projected to increase by 78.1 between FY 2019 and FY 2029. A new CLC will allow VA to meet the long-term care needs of the Alaska Veteran population. The CLC will be in a stand-alone site as there is no available land on-site or adjacent to the Anchorage VAMC. If feasible, VA will enter into a strategic collaboration with the Alaska Native Medical Center to build a joint facility that also serves Native Americans, expanding successful partnerships with Tribal Organizations throughout the state.

Complementary Strategy

In addition to the recommendation submitted for AIR Commission approval, VA also anticipates implementing a complementary strategy that supports a high-performing integrated delivery network:

Alaska Market

- **Approach Alaska Native Tribal Health Consortium (ANTHC) leadership to improve on existing partnerships and expand resource sharing to provide seamless access to mental health, specialty, procedural, and inpatient services for all Alaska federal beneficiaries:** The Alaska Market currently works in close collaboration and partnership with Tribal Health Organizations, DoD, and VA to address workforce challenges within the state and has memorandums of understanding with the ANTHC. A deeper partnership with the ability to jointly hire providers would allow all federal beneficiaries greater access to specialty care services.
- **Increase availability of ophthalmology across the Alaska Market to address the potential lack of high-quality ophthalmologists:** As identified by the Section 203 criteria analysis, the potential lack of high-quality ophthalmologists requires increased availability of ophthalmology services across points of care in the Alaska Market. Increased availability may be achieved through a variety of tactics such as telehealth, Veterans Community Care Program recruitment, and hiring additional VA providers, as appropriate.

Anchorage VAMC

- **Establish a strategic collaboration with DoD at the existing Anchorage VAMC that integrates care in a Federal health care facility:** VA and DoD in Alaska have a strong history of partnership. Both parties expressed a mutual dependence and strong desire to sustain and grow their partnership. At present there are 26 separate sharing agreements between VA and DoD, and considerable administrative resources are required to manage these agreements. A joint mission with one administration would increase Veteran access and administrative efficiency.
- **Relocate space for administrative functions to an off-site lease to provide more clinical space at the Anchorage VAMC:** The Anchorage VAMC has clinical space and parking limitations. Various administrative departments can function off-site which would create space for clinical department expansions.

Cost Benefit Analysis

The Cost Benefit Analysis (CBA) evaluated the costs and benefits of three courses of action (COAs) for the VISN 20 Alaska Market: Status Quo, Modernization, and VA Recommendation. Status Quo includes costs associated with FCA deficiencies and represents no significant change in capital and operational costs. Modernization seeks to modernize all existing health care infrastructure. The VA Recommendation implements the market recommendation and seeks to modernize any remaining health care infrastructure.

- Costs:** The present value cost¹⁰ over a thirty-year period was calculated for each COA, inclusive of capital and operational costs. Capital costs included costs associated with construction of new facilities, modernization of current facilities, leases, land acquisition, and demolition. VA operational costs included direct costs (e.g., medical service costs), indirect costs (e.g., administrative costs), and VA special direct costs (e.g., suicide prevention coordinators). Non-VA care costs include direct costs (e.g., payments for patient care), indirect costs (e.g., care coordination), overhead costs (e.g., national program costs), and administrative per member per month costs (e.g., third party administration of the Community Care Network).
- Benefits:** Benefits were evaluated based on five key domains: Demand and Supply, Access, Facilities and Sustainability, Quality, and Mission.

The CBA leveraged both the costs and benefits to generate the Cost Benefit Index (CBI) – a simple metric used to compare the costs and benefits associated with each COA. The COA with the lowest CBI is the preferred COA. The results of the CBA for the VISN 20 Alaska Market are provided in the following table. For more detailed information on the market CBA, please see Appendix H.

VISN 20 Alaska Market	Status Quo	Modernization	VA Recommendation
Total Cost	\$10,864,809,512	\$11,238,633,666	\$11,429,237,666
Capital Cost	\$34,696,663	\$408,520,817	\$599,124,817
Operational Cost	\$10,830,112,849	\$10,830,112,849	\$10,830,112,849
Total Benefit Score	10	11	13
CBI (normalized in \$B)	1.09	1.02	0.88

Note: Operational costs are shifted from VA to non-VA care only when a service line is relocated in totality to non-VA care at the parent facility level. Total cost is a sum of operational and capital costs rounded to the nearest dollar.

¹⁰ The present value cost is the current value of future costs discounted at the defined discount rate

Section 203 Criteria Analysis

This section provides an overview of how this market recommendation is consistent with the Section 203 decision criteria as required by the MISSION Act. For more detailed information, please see Appendix I.

Demand

This recommendation is consistent with the Demand criterion, aligning VA's high-performing integrated delivery network resources to effectively meet the future health care demand of the Veteran enrollee population with the capacity in the market.

- **Summary:** Following implementation of the recommendation, the capacity available through VA facilities and community providers would be able to support 100% of the projected enrollee demand.
- **Outpatient:** Outpatient demand will be met through six VA points of care offering outpatient services, as well as community providers in the market.
- **CLC:** Long-term care demand will be met through the proposed new stand-alone CLC in Anchorage, Alaska, as well as community nursing homes.

The recommendation ensures that projected demand for SCI/D, RRTP, and blind rehabilitation is sufficiently met through VA-only capacity in the respective VISN or blind rehabilitation region.

- **SCI/D:** Demand for inpatient SCI/D will be met through the SCI/D Hub at the Seattle, Washington VAMC (VISN 20).
- **RRTP:** RRTP demand will be met through the proposed replacement stand-alone RRTP in Anchorage, Alaska, and the other facilities within VISN 20 offering RRTP, including the Boise, Idaho VAMC; American Lake, Washington VAMC; White City, Oregon VAMC; Portland-Vancouver, Washington VAMC; and the proposed new RRTP at the Spokane, Washington VAMC.
- **Blind rehabilitation:** Inpatient blind rehabilitation demand will be met through the facilities in the Northwest Region, including the American Lake, Washington VAMC (VISN 20) and the Palo Alto, California VAMC (VISN 21).
- **Inpatient acute:** Inpatient medicine, surgery, and mental health demand will be met through the Anchorage/Joint Base Elmendorf-Richardson (JBER) partnership as well as through community providers.

Access

This recommendation is consistent with the Access criterion, maintaining or improving Veteran access to care in the market and providing Veterans the opportunity to choose the care they trust throughout their lifetime. The Access criterion evaluates enrollee access to care in the current and proposed future state across multiple service lines. It is evaluated for both the overall enrollee population as well as for specific subpopulations of enrollees that traditionally face barriers in receiving appropriate care, including minority enrollees, enrollees over 65, women enrollees, rural enrollees, and enrollees living in disadvantaged neighborhoods. Below are the access results for both primary care and specialty care among the overall enrollee population.

- **Access to primary care:** Following implementation of the recommendation, the number of enrollees within 30 minutes of primary care available through VA facilities and community providers is projected to be maintained, with 34,877 enrollees within 30 minutes of primary care in the future state.

Access

- **Access to specialty care:** Following implementation of the recommendation, the number of Veterans within 60 minutes of specialty care available through VA facilities and community providers is projected to be maintained, with 35,153 enrollees within 60 minutes of specialty care in the future state.

Mission

This recommendation is consistent with the Mission criterion, providing for VA's second, third, and fourth health related statutory missions of education, research, and emergency preparedness.

- **Education:** The recommendation for this market supports VA's ability to maintain its education mission in VISN 20. The recommendation allows for continued relationships with key academic partners.
- **Research:** This recommendation does not impact the research mission in the market; the Anchorage, Alaska VAMC does not have a research program.¹¹
- **Emergency preparedness:** This recommendation maintains VA's ability to execute its emergency preparedness mission; the Anchorage, Alaska VAMC is not designated as a Primary Receiving Center.

Quality

This recommendation is consistent with the Quality criterion, considering the quality and delivery of health care services available to Veterans in the market, including the experience, safety, and appropriateness of care.

- **Quality among providers:** The recommendation ensures that all providers included within the high-performing integrated delivery network meet the established quality standards by provider type (outlined in Appendix E).
- **Quality improvements through new infrastructure:** Quality is improved through the proposed new stand-alone CLC and RRTP in Anchorage, Alaska. This new infrastructure will aid in improving the patient experience with care delivery provided in modern spaces and aid in the recruitment of staff with facilities offering the latest technology.
- **Promoting recruitment of top clinical and non-clinical talent:** The recommendation maintains VA's academic and non-academic partnerships, which supports the recruitment and retention of top clinical and non-clinical talent.

Cost Effectiveness

This recommendation is consistent with the Cost Effectiveness criterion, providing a cost-effective means by which to provide Veterans with modern health care. The Cost Effectiveness criterion was assessed through a CBA summarized in the CBA section and detailed in Appendix H.

- **CBI:** The CBI is the primary metric for cost effectiveness. The CBI for the VA Recommendation COA is lower than the Status Quo COA (0.88 for VA Recommendation versus 1.09 for Status Quo), indicating that the VA Recommendation is more cost effective than the Status Quo.

¹¹ Research programs were determined by FY 2021 total VA-funded research dollars per the Research and Development Information System (RDIS).

Sustainability

This recommendation is consistent with the Sustainability criterion, creating a sustainable health care delivery system for Veterans. It ensures that the health care delivery system proposed for the market is aligned with future demand, allowing it to sustainably operate and provide a safe and welcoming health care environment that meets modern health care standards.

- **Aligns investment in care and services with projected Veteran care needs:** All facilities in the future state of this market meet the minimum demand threshold to support sustainable services.
- **Sustainability improvements through new infrastructure:** Within this recommendation, sustainability is improved through the proposed new stand-alone CLC and RRTP in Anchorage, Alaska. This new infrastructure modernizes VA facilities to include state-of-the-art equipment that will aid in the recruitment of providers and support staff.
- **Reflects stewardship of taxpayer dollars:** While the cost of the market recommendation is more than the cost to modernize facilities in the market today (\$11.4B for VA Recommendation versus \$11.2B for Modernization), there are benefits realized through the market recommendation in at least one of the five domains assessed by the CBA that are not realized through the modernization approach. As a result, the CBI score for the VA Recommendation COA is lower than the Modernization COA (0.88 for VA Recommendation versus 1.02 for Modernization), reflecting effective stewardship of taxpayer dollars.



VISN 20 South Cascades Market

The Veterans Integrated Service Network (VISN) 20 South Cascades Market serves Veterans in western Oregon and southern Washington. The recommendation includes justification for the proposed action, the results of the cost benefit analysis, and an overview of how the market recommendation is consistent with the MISSION Act Section 203 selection criteria.¹²

VA's Commitment to Veterans in the South Cascades Market

The Department of Veterans Affairs (VA) is committed to providing equitable Veteran access to safe and high-quality care and services in VISN 20's South Cascades Market. We will operate a high-performing integrated delivery network that provides access to VA care, supplemented by care provided by Federal partners, academic affiliates, and community providers.

Based on substantial data analysis, interviews with VISN and VA medical center (VAMC) leaders, consultation with senior VA leadership, and the input received from Veterans and stakeholders, VA has developed a recommendation designed to ensure that Veterans today and for generations to come have access to the high-quality care they have earned. The recommendation also makes sure that VA continues to execute on its additional missions: education and training, research, and emergency preparedness. As VA considers implementing any recommendation approved by the Asset and Infrastructure Review (AIR) Commission, implementation will be carefully sequenced so that facilities or partnerships to which care will be realigned are fully established before the proposed realignment occurs.

Market Strategy

Enrollees in the South Cascades Market are projected to decrease slightly. Demand is projected to increase for inpatient medical, surgical, and mental health care services, long-term care, and outpatient services. The South Cascades Market faces challenges of facility modernization and service expansion in the northern urban area of the market while addressing the need to realign services in the more rural southern areas of the market. The strategy for the market is intended to provide Veterans today and in the future with access to high-quality, conveniently located care in modern infrastructure. Key elements of the strategy are described below:

- **Provide equitable access to outpatient care through modern facilities close to where Veterans live and through the integration of virtual care:** VA's recommendation invests in expanded outpatient sites in the Portland metropolitan area offering primary care, mental health, and specialty services. This recommendation better distributes care and relocates specialty services from the Roseburg VAMC to the Eugene health care center (HCC). VA also recommends establishing two outpatient sites in Longview, Washington, and Albany, Oregon.
- **Enhance VA's unique strengths in caring for Veterans with complex needs:** VA's recommendation maintains inpatient mental health at the Portland VAMC, residential

¹² Please see the Volume II Reading Guide for more information concerning the purpose of each Market Recommendation section and key definitions.

rehabilitation treatment program (RRTP) and community living center (CLC) at the Portland-Vancouver VAMC, inpatient mental health and CLC at the Roseburg VAMC, and RRTP at the White City VAMC. VA also recommends investments to modernize and seismically upgrade the Portland VAMC to meet the standard needed in order to provide comprehensive tertiary care¹³ that may not be readily available in the community. Inpatient spinal cord injuries and disorders (SCI/D) and blind rehabilitation are regional services. Inpatient SCI/D services will be provided at the Seattle VAMC while inpatient blind rehabilitation services will be provided through the facilities in the Northwest Region, including the American Lake, Washington VAMC (VISN 20), and Palo Alto, California VAMC (VISN 21).

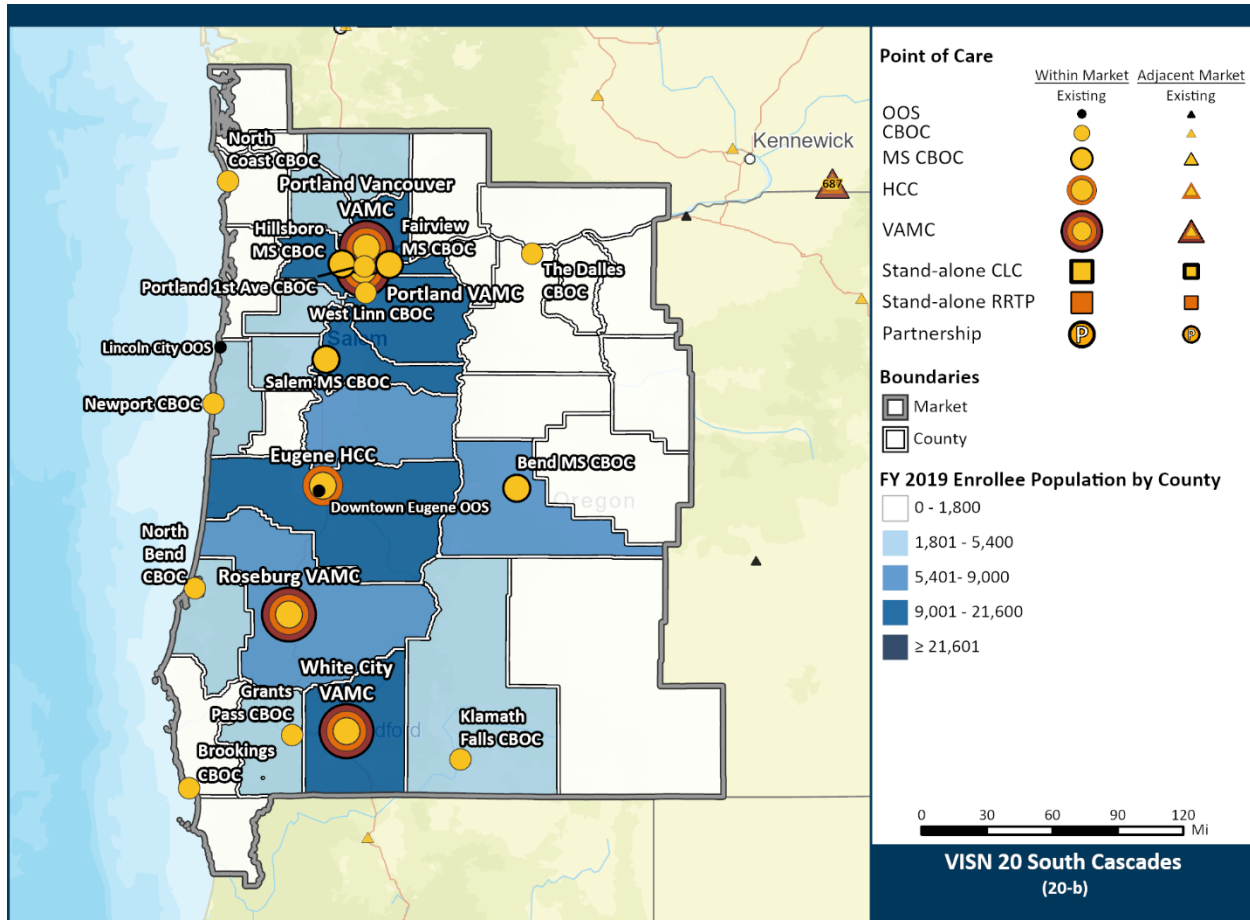
- **Provide equitable access to quality inpatient medical and surgical care through the optimized use of care delivered in VA facilities and through partnerships, community providers, and virtual care:** VA's recommendation maintains sustainable programs within the Portland VAMC to provide inpatient medical and surgical care.

¹³ Medical care that is highly specialized and involves advanced and complex procedures performed by medical specialists in state-of-the-art facilities.

Market Overview

The market overview includes a map of the South Cascades Market, key metrics for the market, and select considerations used in forming the market recommendation.

Market Map



Note: A partnership is a strategic collaboration between VA and a non-VA entity.

Facilities: The market has four VAMCs (Portland, Portland-Vancouver, Roseburg, and White City), one HCC, four multi-specialty community-based outpatient clinics (MS CBOCs), nine CBOCs, and two other outpatient services (OOS) sites.

Enrollees: In fiscal year (FY) 2019, the market had 156,287 enrollees and is projected to experience a 2.5% decrease in enrolled Veterans by FY 2029. The largest enrollee populations are in the counties of Multnomah and Lane, Oregon; and Clark County, Washington.

Demand: Demand¹⁴ in the market for inpatient medical and surgical services is projected to increase by 6.5% and demand for inpatient mental health services is projected to increase by 0.6% between FY 2019

¹⁴ Projected market demand for inpatient medical and surgical services is based on VA's Enrollee Health Care Projection Model (EHCPM) in bed days of care (BDOC).

and FY 2029. Demand for long-term care¹⁵ is projected to increase by 33.7%. Demand for all outpatient services,¹⁶ including primary care, mental health, specialty care, dental care, and rehabilitation therapies, is projected to increase.

Rurality: 42.7% of enrollees in the market live in rural areas compared to the VA national average of 32.5%.

Access: 75.8% of Veterans in the market live within a 30-minute drive time of a VA primary care site and 64.2% of Veterans live within a 60-minute drive time of a VA secondary care site.

Community Capacity: As of 2019, community providers¹⁷ in the market within a 60-minute drive time of the VAMCs had an inpatient acute occupancy rate¹⁸ of 67.5% (918 available beds)¹⁹ and an inpatient mental health occupancy rate of 72.0% (9 available beds). Community nursing homes within a 30-minute drive time of the VAMCs were operating at an occupancy rate of 72.1% (944 available beds). Community residential rehabilitation programs²⁰ that match the breadth of services provided by VA are not widely available in the market.

Mission: VA has academic affiliations in the market that include the Oregon Health & Science University and Western University of Health Sciences. The Portland VAMC is ranked 13 out of 154 VA training sites based on the number of trainees, the White City VAMC is ranked 143, and the Roseburg VAMC is ranked 131. The Portland VAMC is ranked 4 out of 103 VAMCs with research funding; the White City and Roseburg VAMCs conduct limited or no research. The Portland VAMC is a Federal Coordinating Center and is the only facility with an emergency designation in the market.²¹

Facility Overviews

Portland VAMC: The Portland VAMC is located in Portland, Oregon, and offers inpatient medical and surgical care, inpatient mental health care, and outpatient services. In FY 2019, the Portland VAMC had an inpatient medical and surgical average daily census (ADC) of 97.1 and an inpatient mental health ADC of 13.4.

The Portland VAMC was built in 1988 on 29 acres. Facility condition assessment (FCA) deficiencies are approximately \$167.1M, and annual operations and maintenance costs are an estimated \$12.0M.

¹⁵ Projected market demand for inpatient Long-Term Services and Supports (LTSS) is based on VA's EHCPM in BDOC.

¹⁶ Projected market demand for outpatient services is based on VA's EHCPM in relative value units (RVUs).

¹⁷ Community providers include Veterans Community Care Program (VCCP) providers and potential VCCP providers.

¹⁸ Occupancy rates are calculated by dividing the total average daily census (ADC) by the total number of operating beds. Beds at hospitals or nursing homes above the target occupancy rates are excluded.

¹⁹ Available beds in the community are estimated using a target occupancy rate of 80% for hospitals and 90% for community nursing homes.

²⁰ Includes community residential rehabilitation programs similar to VA's RRTP, blind rehabilitation, and rehabilitative SCI/D services.

²¹ VAMCs participating in the National Disaster Medical System are designated as Federal Coordinating Centers. Select Federal Coordinating Centers are also designated as Primary Receiving Centers.

Portland-Vancouver VAMC: The Portland-Vancouver VAMC is located in Vancouver, Washington, and offers RRTP, CLC, and outpatient services. In FY 2019, the Portland-Vancouver VAMC had an RRTP ADC of 29.8 and a CLC ADC of 76.9.

The Portland-Vancouver VAMC was built in 1992 on 52.0 acres. FCA deficiencies are approximately \$32.3M, and annual operations and maintenance costs are an estimated \$4.6M.

Roseburg VAMC: The Roseburg VAMC is located in Roseburg, Oregon, and offers inpatient mental health care, RRTP, CLC, and outpatient services. In FY 2019, the Roseburg VAMC had an inpatient medicine ADC of 5.5, an inpatient mental health ADC of 5.9, an RRTP ADC of 15.2, and a CLC ADC of 44.7.

The Roseburg VAMC was built in 1933 on 124 acres. FCA deficiencies are approximately \$167.6M and annual operations and maintenance costs are an estimated \$5.3M.

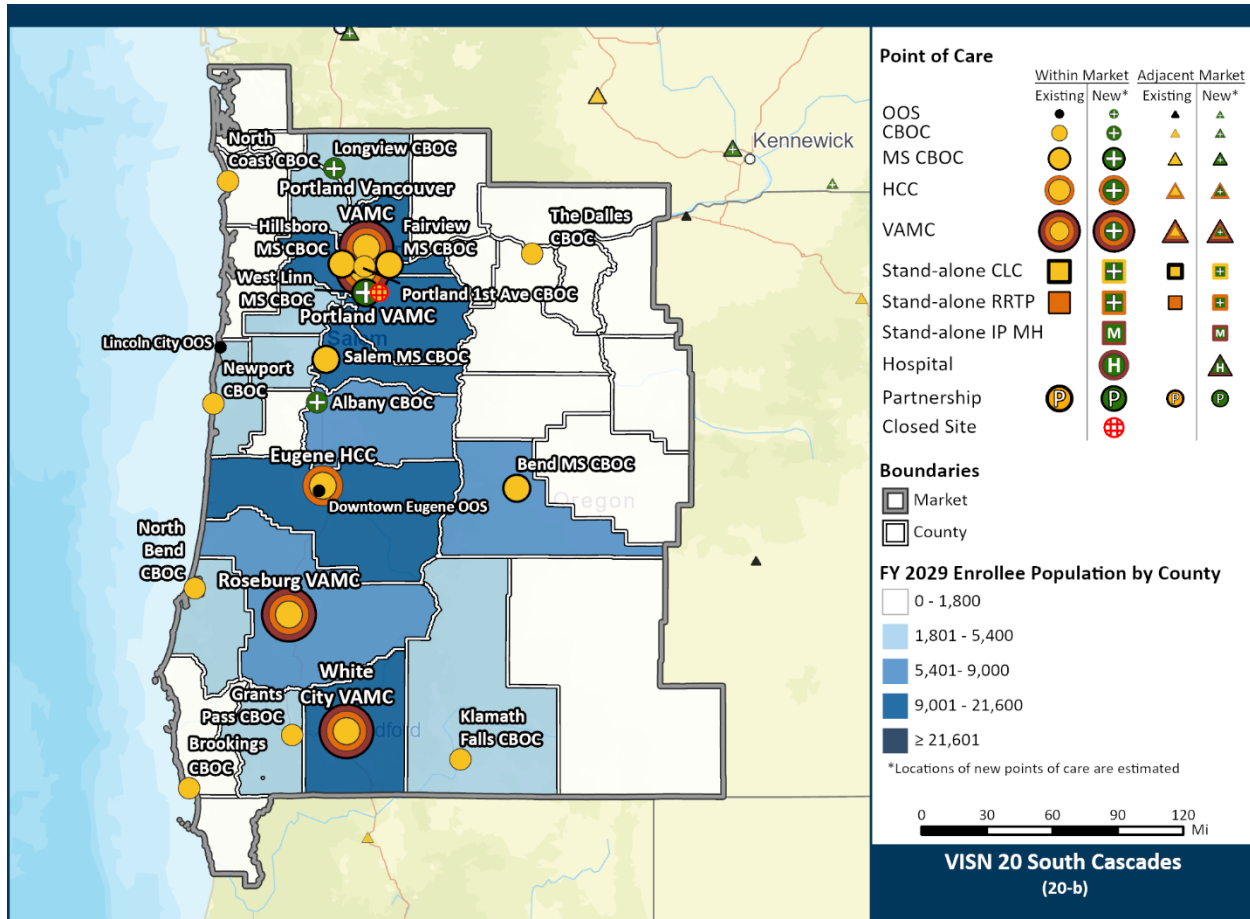
White City VAMC: The White City VAMC is located in White City, Oregon, and offers RRTP services and outpatient services. In FY 2019, the White City VAMC had an RRTP ADC of 141.0.

The White City VAMC was built in 1942 on 145.0 acres. FCA deficiencies are approximately \$164.0M, and annual operations and maintenance costs are an estimated \$4.7M.

Recommendation and Justification

This section details the VISN 20 South Cascades Market recommendation and justification for each element of the recommendation.

Future Market Map



1. **Modernize and realign the Roseburg VAMC by relocating outpatient surgery and RRTP services to current or future VA facilities and discontinuing those services at the Roseburg VAMC:** The Roseburg VAMC is in a rural region with a small and declining enrollee population of 9,073 enrollees within 60 minutes. The facility is oversized for its workload and experiences challenges with recruitment and retention across clinical services. Relocating low volume and difficult to recruit specialty care services and outpatient surgery to the Eugene HCC and relocating RRTP to the White City VAMC will improve efficiency and consolidate care in more sustainable locations where a greater number of enrollees reside. The Eugene HCC has 21,739 enrollees within 60 minutes and the White City VAMC has 14,345 enrollees within 60 minutes.

2. **Modernize and realign the Portland VAMC by modernizing clinical spaces and addressing seismic issues at the Portland VAMC:** The Portland VAMC is a tertiary medical center located adjacent to its academic affiliate. Many clinical staff are dually appointed with the affiliate, and the VAMC and affiliate support large training and research programs. In FY 2019, the Portland VAMC had an inpatient medical and surgical ADC of 97.1 and a mental health ADC of 13.4, which are projected to decrease to 92.4 and increase to 14.6 respectively in FY 2029. The hospital building does not meet current seismic standards for patient and employee safety. Many clinical spaces have become outdated and are not in compliance with current VA space guidelines to support current care delivery practice. Modernization efforts will rightsize clinical facilities and improve safety by completing seismic upgrades.
3. **Modernize and realign the Portland-Vancouver VAMC by:**
 - 3.1. **Adding additional specialty services at the Portland-Vancouver VAMC:** In-house market demand for outpatient specialty care is projected to increase by 47.7% between FY 2019 and FY 2029, and many Veterans do not want to travel into the city to the Portland VAMC for basic specialty services. Adding outpatient specialty services at the Portland-Vancouver VAMC will improve access for Veterans living in Clark and Cowlitz counties.
 - 3.2. **Adding urgent care services at the Portland-Vancouver VAMC:** The closest VA point of care for urgent care services from the Portland-Vancouver VAMC is the Portland VAMC in Portland, Oregon (Multnomah County), which is approximately 30 minutes (12 miles) away. Establishing an urgent care center can mitigate the inappropriate or over-use of community emergency department services, prevent the overwhelming number of same-day primary care appointments, decrease low acuity emergency department utilization at the Portland VAMC, and expand access to Veterans.
4. **Modernize and realign outpatient facilities in the market by:**
 - 4.1. **Relocating the West Linn CBOC to a new site in the vicinity of West Linn, Oregon, and closing the existing West Linn CBOC:** Relocating the West Linn CBOC to a larger facility will allow VA to expand primary care and outpatient mental health services and add specialty care services, which will improve access for a large existing enrollee population. As of FY 2019, the facility served 8,072 core uniques,²² and there were 28,795 enrollees residing within a 30-minute drive time. The new location of the West Linn MS CBOC will be near the existing West Linn CBOC where there were 11,997 enrollees within 60 minutes of the existing CBOC as of FY 2019. The relocation will allow for an increase in primary care and outpatient mental health capacity. With the addition of outpatient specialty services, the new facility will be classified as an MS CBOC.
 - 4.2. **Establishing a new CBOC in the vicinity of Longview, Washington:** A new CBOC in the vicinity of Longview, Washington, will expand access to primary care, outpatient mental health, and outpatient specialty care services in Cowlitz County, which is projected to have 4,215 enrollees

²² VA core unique patients exclude Veterans who have used only VA telephone triage, pharmacy, and laboratory services.

in FY 2029. In FY 2019, there were 4,640 enrollees within 30 minutes of the proposed site, which is outside of a 30-minute drive time to the nearest VA facility in Vancouver, Washington.

- 4.3. Establishing a new CBOC in the vicinity of Albany, Oregon:** A new CBOC in the vicinity of Albany, Oregon, will expand access to primary care, outpatient mental health, and outpatient specialty care services in Linn County, which is projected to have 5,807 enrollees in FY 2029. In FY 2019, there were 9,482 enrollees within 30 minutes of the proposed site, which is approximately 29 minutes from the nearest VA facility in Salem, Oregon.

Complementary Strategy

In addition to the recommendation submitted for AIR Commission approval, VA also anticipates implementing a complementary strategy that supports a high-performing integrated delivery network:

South Cascades Market

- **Realign the Bend MS CBOC from the Portland VAMC in the Portland submarket to the Eugene HCC in the Roseburg submarket:** Veterans residing in the Bend hospital referral region (HRR)²³ are currently aligned with the Portland submarket. There is a significantly longer drive time between the Bend MS CBOC and the Portland VAMC (approximately 190 minutes) compared to the drive time between the Bend MS CBOC and the Eugene HCC (approximately 150 minutes). Realigning referral patterns for specialty care offered at the Eugene HCC will improve geographic access and reduce drive times for Veterans in the Bend HRR.
- **Realign the Brookings CBOC to the White City VAMC and Curry County, Oregon, and Del Norte County, California, in the VISN 20 South Cascades Market from the Roseburg submarket to the White City submarket:** The Brookings CBOC (Curry County) is in the Medford HRR, indicating referral patterns for the general population go toward the White City VAMC (located approximately 19 minutes from Medford, Oregon) for specialty and high complexity care. The Veterans living in Curry and Del Norte counties most frequently used the Roseburg VAMC for outpatient specialty care services, which is approximately 30 minutes farther away than the White City VAMC. The realignment of the Brookings CBOC from the Roseburg submarket to the White City submarket will enable Veterans to access care closer to home.
- **Realign Benton, Linn, Deschutes, Jefferson, Wheeler, and Crook counties in the VISN 20 South Cascades Market from the Portland submarket to the Roseburg submarket:** Veterans residing in Benton and Linn counties south of the Salem MS CBOC (Marion County) are currently within the Portland submarket, and Veterans residing in the Bend area (Deschutes, Jefferson, Wheeler, and Crook counties) are also currently aligned with the Portland submarket. Enrollees in all of these counties have significantly longer drive times to the Portland VAMC compared to the Eugene HCC for outpatient specialty care. Realigning referral patterns for specialty care offered at the Eugene HCC will improve geographic access and reduce drive times for Veterans in Benton, Linn, Deschutes, Jefferson, Wheeler, and Crook counties.

²³ Hospital referral regions (HRRs) represent regional health care markets for tertiary medical care.

- **Increase availability of ophthalmology across the South Cascades Market to address the potential lack of high-quality ophthalmologists:** As identified by the Section 203 criteria analysis, the potential lack of high-quality ophthalmologists requires increased availability of ophthalmology services across points of care in the South Cascades Market. Increased availability may be achieved through a variety of tactics such as telehealth, Veterans Community Care Program recruitment, and hiring additional VA providers, as appropriate.

Portland VAMC

- **Add audiology and podiatry services to the Fairview MS CBOC:** Demand for outpatient specialty care is projected to increase. The Fairview MS CBOC is located approximately 20 minutes (16.6 miles) from the Portland VAMC and many Veterans do not want to travel to the VAMC for basic specialty care services. Expanding specialty care services at the Fairview MS CBOC will bring care closer to home for Veterans east of Portland, Oregon.
- **Add podiatry services to the Hillsboro MS CBOC:** Demand for outpatient specialty care is projected to increase. The Hillsboro MS CBOC is located approximately 20 minutes (13.3 miles) from the Portland VAMC and many Veterans do not want to travel to the VAMC for basic specialty care services. Expanding specialty care services at the Hillsboro MS CBOC will bring care closer to home for Veterans northwest of Portland, Oregon.
- **Expand access to Veterans in rural areas of VISN 20 by facilitating referrals to the Portland VAMC for complex surgery and inpatient care, since they have limited options in their local community:** The Portland VAMC offers a wide range of specialty care services and has additional physician capacity within many specialties. There are community options for complex and tertiary care in the Portland metropolitan area to accommodate local referrals in case of VA capacity constraints, whereas in small markets and rural areas, there is limited or no local community capacity for certain specialties and complex care.

Portland-Vancouver VAMC

- **Establish a dedicated women's health clinic space to support a women's health patient aligned care team (PACT) at the Portland-Vancouver VAMC:** The women Veteran enrollee population is projected to increase. The Portland-Vancouver VAMC has PACT teams trained in women's health, but there is no dedicated women's health space at the Portland-Vancouver VAMC. The VISN has submitted a minor capital project (648-348) in its Strategic Capital Investment Plan (SCIP) to expand primary care space by 16,000 square feet to address space gaps, including for women's health, which has an estimated completion date of March 2024.
- **Develop a long-term Facility Master Plan for the Portland-Vancouver VAMC based on an updated service plan:** Service adjacencies are not ideal with long walks between buildings on the 52-acre site. Opportunities to add a women's health PACT space, expand specialty care services, and add an urgent care center likely exceed current facility capacity. The VISN has submitted a SCIP project to acquire a building leased by Clark County located on site at the VAMC, and if the acquisition is successful, reuse should be based on a long-term Facility Master Plan to optimize clinical spaces and improve patient workflow.

Roseburg VAMC

- **Add podiatry services to the Bend MS CBOC:** Podiatry outpatient utilization in the South Cascades Market is projected to increase, as is demand for outpatient specialty care. Expanding specialty care services at the Bend MS CBOC will bring care closer to home for Veterans in the Bend, Oregon area, which is approximately three and a half hours away from the Roseburg VAMC.
- **Add a geriatric PACT to the Roseburg VAMC:** The Roseburg area has a significant population over the age of 65, comprising 24.5% of the overall enrollee population. There is currently no dedicated geriatric PACT at the Roseburg VAMC, indicating a need to provide geriatric services for the aging population.
- **Designate the Eugene HCC as the Roseburg submarket hub for outpatient specialty care services:** Eugene, Oregon, is the community referral location for complex and tertiary care as indicated by the HRR designation for Eugene. The Eugene HCC opened in 2015 including three operating rooms and offers a modern health care facility designed to deliver state of the art outpatient medical care.
- **Develop a Facility Master Plan for the Roseburg VAMC:** Opportunities to transition RRTP, outpatient surgery, and some specialty care off site will result in substantially smaller space requirements than the 484,112 Building Gross Square Feet (BGSF) currently available on site. A new functional and space program based on a reduced scope of services will confirm long term facility requirements.
- **Establish a training program at the Eugene HCC:** The Eugene HCC offers specialty care and outpatient surgery services within an HRR that has a significant enrollee population. While the Roseburg VAMC has a limited training mission, there is interest in rotating staff and surgical trainees from the Portland VAMC to utilize the Eugene HCC's operating rooms.

White City VAMC

- **Add a geriatric PACT to the White City VAMC:** The White City area has a significant population over the age of 65, comprising 23.5% of the overall enrollee population. There is no dedicated geriatric PACT at the White City VAMC, indicating a need to provide geriatric services for the aging population.
- **Reduce RRTP capacity at the White City VAMC RRTP to align with Veteran demand:** White City RRTP serves as a VISN-wide resource for residential rehabilitation services. Recent projections and VISN planning indicate a target census of 181 and need for 201 beds, a reduction from 230 currently in service.

Cost Benefit Analysis

The Cost Benefit Analysis (CBA) evaluated the costs and benefits of three courses of action (COAs) for the VISN 20 South Cascades Market: Status Quo, Modernization, and VA Recommendation. Status Quo includes costs associated with FCA deficiencies and represents no significant change in capital and operational costs. Modernization seeks to modernize all existing health care infrastructure. The VA

Recommendation implements the market recommendation and seeks to modernize any remaining health care infrastructure.

- **Costs:** The present value cost²⁴ over a thirty-year period was calculated for each COA, inclusive of capital and operational costs. Capital costs included costs associated with construction of new facilities, modernization of current facilities, leases, land acquisition, and demolition. VA operational costs included direct costs (e.g., medical service costs), indirect costs (e.g., administrative costs), and VA special direct costs (e.g., suicide prevention coordinators). Non-VA care costs include direct costs (e.g., payments for patient care), indirect costs (e.g., care coordination), overhead costs (e.g., national program costs), and administrative per member per month costs (e.g., third party administration of the Community Care Network).
- **Benefits:** Benefits were evaluated based on five key domains: Demand and Supply, Access, Facilities and Sustainability, Quality, and Mission.

The CBA leveraged both the costs and benefits to generate the Cost Benefit Index (CBI) – a simple metric used to compare the costs and benefits associated with each COA. The COA with the lowest CBI is the preferred COA. The results of the CBA for the VISN 20 South Cascades Market are provided in the following table. For more detailed information on the market CBA, please see Appendix H.

VISN 20 South Cascades Market	Status Quo	Modernization	VA Recommendation
Total Cost	\$41,207,758,691	\$41,606,946,177	\$41,439,404,078
Capital Cost	\$3,008,062,963	\$3,407,250,449	\$3,510,985,077
Operational Cost	\$38,199,695,728	\$38,199,695,728	\$37,928,419,001
Total Benefit Score	7	10	12
CBI (normalized in \$B)	5.89	4.16	3.45

Note: Operational costs are shifted from VA to non-VA care only when a service line is relocated in totality to non-VA care at the parent facility level. Total cost is a sum of operational and capital costs rounded to the nearest dollar.

²⁴ The present value cost is the current value of future costs discounted at the defined discount rate.

Section 203 Criteria Analysis

This section provides an overview of how this market recommendation is consistent with the Section 203 decision criteria as required by the MISSION Act. For more detailed information, please see Appendix I.

Demand

This recommendation is consistent with the Demand criterion, aligning VA's high-performing integrated delivery network resources to effectively meet the future health care demand of the Veteran enrollee population with the capacity in the market.

- **Summary:** Following implementation of the recommendation, the capacity available through VA facilities and community providers would be able to support 100% of the projected enrollee demand.
- **Outpatient:** Outpatient demand will be met through 22 VA points of care offering outpatient services, including the proposed new Longview, Washington CBOC; Albany, Oregon CBOC; and proposed replacement West Linn, Oregon MS CBOC, as well as community providers in the market.
- **CLC:** Long-term care demand will be met through the Roseburg, Oregon VAMC and Portland-Vancouver, Washington VAMC, as well as community nursing homes.

The recommendation ensures that projected demand for SCI/D, RRTP, and blind rehabilitation is sufficiently met through VA-only capacity in the respective VISN or blind rehabilitation region.

- **SCI/D:** Demand for inpatient SCI/D will be met through the SCI/D Hub at the Seattle, Washington VAMC (VISN 20).
- **RRTP:** RRTP demand will be met through the White City, Oregon VAMC; Portland-Vancouver VAMC; and the other facilities within VISN 20 offering RRTP, including the Boise, Idaho VAMC; American Lake, Washington VAMC; the proposed new RRTP at the Spokane, Washington VAMC; and the proposed new stand-alone RRTP in Anchorage, Alaska.
- **Blind rehabilitation:** Inpatient blind rehabilitation demand will be met through the facilities in the Northwest Region, including the American Lake, Washington VAMC (VISN 20) and the Palo Alto, California VAMC (VISN 21).
- **Inpatient acute:** Inpatient medicine and surgery demand will be met through the Portland, Oregon VAMC, as well as through community providers; and mental health demand will be met through the Portland, Oregon VAMC and Roseburg, Oregon VAMC, as well as through community providers.

Access

This recommendation is consistent with the Access criterion, maintaining or improving Veteran access to care in the market and providing Veterans the opportunity to choose the care they trust throughout their lifetime. The Access criterion evaluates enrollee access to care in the current and proposed future state across multiple service lines. It is evaluated for both the overall enrollee population as well as for specific subpopulations of enrollees that traditionally face barriers in receiving appropriate care, including minority enrollees, enrollees over 65, women enrollees, rural enrollees, and enrollees living in disadvantaged neighborhoods. Below are the access results for both primary care and outpatient specialty care among the overall enrollee population.

Access

- **Access to primary care:** Following implementation of the recommendation, the number of enrollees within 30 minutes of primary care available through VA facilities and community providers is projected to be maintained, with 146,121 enrollees within 30 minutes of primary care in the future state.
- **Access to specialty care:** Following implementation of the recommendation, the number of Veterans within 60 minutes of specialty care available through VA facilities and community providers is projected to be maintained, with 147,490 enrollees within 60 minutes of specialty care in the future state.

Mission

This recommendation is consistent with the Mission criterion, providing for VA's second, third, and fourth health related statutory missions of education, research, and emergency preparedness.

- **Education:** The recommendation for this market supports VA's ability to maintain its education mission in VISN 20. The recommendation allows for continued relationships with key academic partners, including but not limited to, the affiliations with the Oregon Health & Science University and the Western University of Health Sciences.
- **Research:** This recommendation does not impact the research mission in the market and allows the Portland, Oregon VAMC to maintain the current research mission.
- **Emergency preparedness:** This recommendation maintains VA's ability to execute its emergency preparedness mission; the Portland, Oregon VAMC; Portland-Vancouver, Washington VAMC; Roseburg, Oregon VAMC; and White City, Oregon VAMC are not designated as Primary Receiving Centers.

Quality

This recommendation is consistent with the Quality criterion, considering the quality and delivery of health care services available to Veterans in the market, including the experience, safety, and appropriateness of care.

- **Quality among providers:** The recommendation ensures that all providers included within the high-performing integrated delivery network meet the established quality standards by provider type (outlined in Appendix E).
- **Quality improvements through new infrastructure:** Quality is improved through the proposed new Longview, Washington CBOC; Albany, Oregon CBOC; and proposed replacement West Linn, Oregon MS CBOC; as well as the modernization of clinical spaces within the Portland, Oregon VAMC. This new infrastructure will aid in improving the patient experience with care delivery provided in modern spaces and aid in the recruitment of staff with facilities offering the latest technology.
- **Promoting recruitment of top clinical and non-clinical talent:** The recommendation maintains VA's academic and non-academic partnerships, which supports the recruitment and retention of top clinical and non-clinical talent.

Cost Effectiveness

This recommendation is consistent with the Cost Effectiveness criterion, providing a cost-effective means by which to provide Veterans with modern health care. The Cost Effectiveness criterion was assessed through a CBA summarized in the CBA section and detailed in Appendix H.

- **CBI:** The CBI is the primary metric for cost effectiveness. The CBI for the VA Recommendation COA is lower than the Status Quo COA (3.45 for VA Recommendation versus 5.89 for Status Quo), indicating that the VA Recommendation is more cost effective than the Status Quo.

Sustainability

This recommendation is consistent with the Sustainability criterion, creating a sustainable health care delivery system for Veterans. It ensures that the health care delivery system proposed for the market is aligned with future demand, allowing it to sustainably operate and provide a safe and welcoming health care environment that meets modern health care standards.

- **Aligns investment in care and services with projected Veteran care needs:** All facilities in the future state of this market meet the minimum demand threshold to support sustainable services.
- **Sustainability improvements through new infrastructure:** Within this recommendation, sustainability is improved through the proposed new Longview, Washington CBOC; Albany, Oregon CBOC; and proposed replacement West Linn, Oregon MS CBOC; as well as the modernization of clinical spaces within the Portland, Oregon VAMC. This new infrastructure modernizes VA facilities to include state-of-the-art equipment that will aid in the recruitment of providers and support staff.
- **Reflects stewardship of taxpayer dollars:** The cost of the market recommendation is less than the cost to modernize facilities in the market today (\$41.4B for VA Recommendation versus \$41.6B for Modernization). In addition, there are benefits realized through the market recommendation in at least one of the five domains assessed by the CBA that are not realized through the modernization approach. As a result, the CBI score for the VA Recommendation COA is lower than the Modernization COA (3.45 for VA Recommendation versus 4.16 for Modernization), reflecting effective stewardship of taxpayer dollars.



VISN 20 Inland South Idaho Market

The Veterans Integrated Service Network (VISN) 20 Inland South Idaho Market serves Veterans in eastern Oregon and southern Idaho. The recommendation includes justification for the proposed action, the results of the cost benefit analysis, and an overview of how the market recommendation is consistent with the MISSION Act Section 203 selection criteria.²⁵

VA's Commitment to Veterans in the Inland South Idaho Market

The Department of Veterans Affairs (VA) is committed to providing equitable Veteran access to safe and high-quality care and services in VISN 20's Inland South Idaho Market. We will operate a high-performing integrated delivery network that provides access to VA care, supplemented by care provided by Federal partners, academic affiliates, and community providers.

Based on substantial data analysis, interviews with VISN and VA medical center (VAMC) leaders, consultation with senior VA leadership, and the input received from Veterans and stakeholders, VA has developed a recommendation designed to ensure that Veterans today and for generations to come have access to the high-quality care they have earned. The recommendation also makes sure that VA continues to execute on its additional missions: education and training, research, and emergency preparedness. As VA considers implementing any recommendation approved by the Asset and Infrastructure Review (AIR) Commission, implementation will be carefully sequenced so that facilities or partnerships to which care will be realigned are fully established before the proposed realignment occurs.

Market Strategy

Veteran enrollees in the Inland South Idaho Market are projected to increase. Demand is also projected to increase for inpatient medical, surgical, and mental health services, long-term care, and outpatient services. There is a need to expand access to VA health care to meet the existing and projected Veteran demand. The strategy for the market is intended to provide Veterans today and in the future with access to high-quality and conveniently located care in modern infrastructure. Key elements of the strategy are described below:

- **Provide equitable access to outpatient care through modern facilities close to where Veterans live and through the integration of virtual care:** VA's recommendation maintains outpatient sites offering primary care, mental health care, and low acuity specialty care services. To better distribute care and decompress existing facilities, specialty care will be expanded at the Caldwell multi-specialty community-based outpatient clinic (MS CBOC). The Twin Falls community-based outpatient clinic (CBOC) will be relocated to a larger building to expand existing primary care and mental health services more proximate to where Veterans live. VA also recommends expanding partnerships with federally qualified health centers (FQHCs) in rural counties to improve geographic access to primary care.

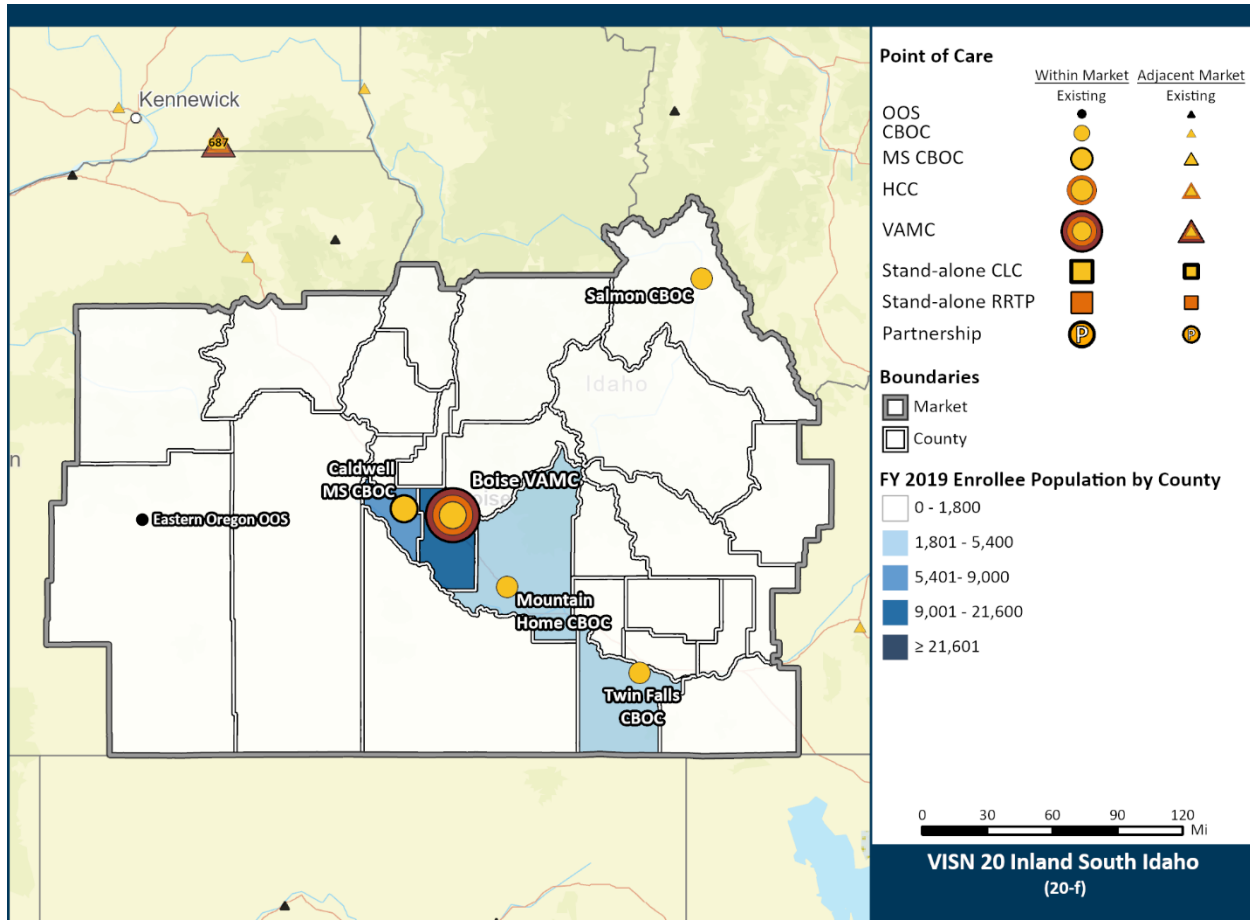
²⁵ Please see the Volume II Reading Guide for details on the purpose of each Market Recommendation section and key definitions.

- **Enhance VA's unique strengths in caring for Veterans with complex needs:** VA's recommendation maintains inpatient mental health, residential rehabilitation treatment program (RRTP), and community living center (CLC) services within the Boise VAMC. Inpatient spinal cord injuries and disorders (SCI/D) and blind rehabilitation are regional services. Inpatient SCI/D services will be provided at the Seattle VAMC. Inpatient blind rehabilitation services will be provided through regional centers in the Northwest Region, including the American Lake, Washington VAMC (VISN 20) and the Palo Alto, California VAMC (VISN 21).
- **Provide equitable access to quality inpatient medical and surgical care through the optimized use of care delivered in VA facilities and through partnerships, community providers, and virtual care:** VA's recommendation maintains sustainable services at the Boise VAMC and utilization of community providers for complex inpatient medical and surgical care.

Market Overview

The market overview includes a map of the Inland South Idaho Market, key metrics for the market, and select considerations used in forming the market recommendation.

Market Map



Note: A partnership is a strategic collaboration between VA and a non-VA entity.

Facilities: The market has one VAMC (Boise), one MS CBOC, three CBOCs, and one other outpatient services (OOS) site.

Enrollees: In fiscal year (FY) 2019, the market had 39,294 enrollees and is projected to experience a 2.7% increase in enrolled Veterans by FY 2029. The largest enrollee populations are in the counties of Ada, Canyon, and Elmore, Idaho.

Demand: Demand²⁶ in the market for inpatient medical and surgical services is projected to increase by 4.7% and demand for inpatient mental health services is projected to increase by 4.7% between FY 2019 and FY 2029. Demand for long-term care²⁷ is projected to increase by 32.8%. Demand for all outpatient

²⁶ Projected market demand for inpatient medical and surgical services is based on VA's Enrollee Health Care Projection Model (EHCPM) in bed days of care (BDOC).

²⁷ Projected market demand for inpatient Long-Term Services and Supports (LTSS) is based on VA's EHCPM in BDOC.

services,²⁸ including primary care, mental health, specialty care, dental care, and rehabilitation therapies, is projected to increase.

Rurality: 45.1% of enrollees in the market live in rural areas compared to the VA national average of 32.5%.

Access: 77.0% of enrollees in the market live within a 30-minute drive time of a VA primary care site, and 74.0% of enrollees live within a 60-minute drive time of a VA secondary care site.

Community Capacity: As of 2019, community providers²⁹ in the market within a 60-minute drive time of the VAMC had an inpatient acute occupancy rate³⁰ of 55.6% (366 available beds).³¹ There are no inpatient mental health service beds available at community providers within 60 minutes of the VAMC. Community nursing homes within a 30-minute drive time of the VAMC were operating at an occupancy rate of 66.6% (418 available beds). Community residential rehabilitation programs³² that match the breadth of services provided by VA are not widely available in the market.

Mission: VA has an academic affiliation in the market with the University of Washington. The Boise VAMC is ranked 96 out of 154 VA training sites based on the number of trainees and is ranked 69 out of 103 VAMCs with research funding. The Boise VAMC is designated as a Federal Coordinating Center.³³

Facility Overview

Boise VAMC: The Boise VAMC is located in Boise, Idaho, and offers inpatient medical and surgical care, inpatient mental health, RRTP, CLC, and outpatient services. In FY 2019, the Boise VAMC had an inpatient medical and surgical average daily census (ADC) of 26.8, an inpatient mental health ADC of 5.3, an RRTP ADC of 11.9, and a CLC ADC of 27.5.

The Boise VAMC was built in 1907 on 58 acres. Facility condition assessment (FCA) deficiencies are approximately \$30.0M, and annual operations and maintenance costs are an estimated \$6.4M.

²⁸ Projected market demand for outpatient services is based on VA's EHCPM in relative value units (RVUs).

²⁹ Community providers include Veterans Community Care Program (VCCP) providers and potential VCCP providers.

³⁰ Occupancy rates are calculated by dividing the total average daily census (ADC) by the number of total operating beds. Beds at hospitals or nursing homes above the target occupancy rates are excluded.

³¹ Available beds in the community are estimated using a target occupancy rate of 80% for hospitals and 90% for community nursing homes.

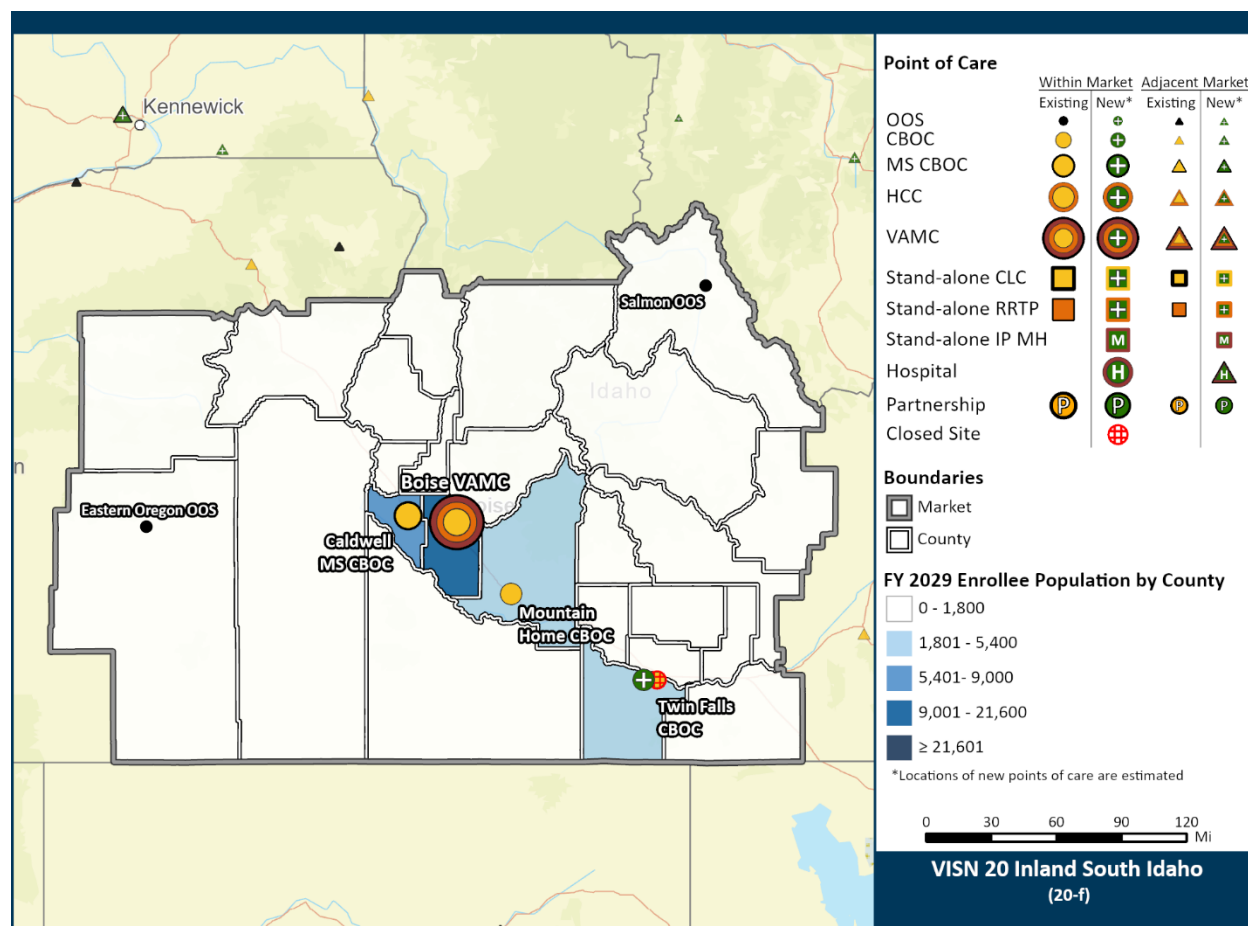
³² Includes community residential rehabilitation programs similar to VA's RRTP, blind rehabilitation, and rehabilitative SCI/D services.

³³ VAMCs participating in the National Disaster Medical System are designated as Federal Coordinating Centers. Select Federal Coordinating Centers are also designated as Primary Receiving Centers.

Recommendation and Justification

This section details the VISN 20 Inland South Idaho Market recommendation and justification for each element of the recommendation.

Future Market Map



1. **Relocating the Twin Falls CBOC to a new site in the vicinity of Twin Falls, Idaho, and closing the existing Twin Falls CBOC:** Market demand for outpatient services (primary care, mental health, and specialty care) is projected to increase between FY 2019 and FY 2029. The existing Twin Falls CBOC facility served 3,232 core uniques³⁴ in FY 2019, and there were 2,802 enrollees residing within a 30-minute drive time. The existing facility is undersized at 4,200 square feet, is not designed to support the patient aligned care team (PACT) care delivery model, and cannot be expanded.

³⁴ VA core unique patients exclude Veterans who have used only VA telephone triage, pharmacy, and laboratory services.

Complementary Strategy

In addition to the recommendation submitted for AIR Commission approval, VA also anticipates implementing a complementary strategy that supports a high-performing integrated delivery network:

Inland South Idaho Market

- **Expand Care Coordination Home Telehealth (CCHT) program with a focus on chronic disease management:** The expansion of CCHT may improve enrollees' quality of health while reducing admissions or readmissions to the Boise VAMC and community hospitals.
- **Expand VISN-wide Clinical Resource telehealth hub for primary care and psychiatry services in Boise, Idaho for high demand/low supply services in rural areas and smaller markets:** The Inland South Idaho Market has a strong history as a VISN-wide Clinical Resource hub for primary care, providing primary care to markets experiencing provider turnover or shortages. VISN-wide Clinical Resource telehealth hubs can address these shortages when the primary and specialty care can be supported in part or in whole by telehealth visits.

Boise VAMC

- **Partner with Federally Qualified Health Center (FQHC) facilities in the Ontario/Weiser areas to increase Veteran access to primary care and outpatient mental health services:** FQHCs in the area have built their own networks of sites across Ontario and Weiser, suggesting the capability to coordinate care and provide enrollees with greater access to primary care, mental health, and some specialty services. A partnership with FQHC facilities in the Ontario, Oregon, and Weiser, Idaho, areas will help to decompress the Caldwell CBOC.
- **Add physical therapy and audiology services to the Caldwell MS CBOC:** Veterans in Canyon County most frequently use the Boise VAMC for specialty care services. Expanding services at the Caldwell MS CBOC will help to decant some outpatient specialty care services to decompress the Boise VAMC.
- **Expand the dental clinic at the Boise VAMC:** Market demand for dental services is projected to increase 55.6% between FY 2019 and FY 2029. Currently, there is limited capacity in the existing dental clinic at the Boise VAMC to meet the growing demand for dental services.
- **Increase availability of ophthalmology across the Inland South Idaho Market to address the potential lack of high-quality ophthalmologists:** As identified by the Section 203 criteria analysis, the potential lack of high-quality ophthalmologists requires increased availability of ophthalmology services across points of care in the Inland South Idaho Market. Increased availability may be achieved through a variety of tactics such as telehealth, Veterans Community Care Program recruitment, and hiring additional VA providers, as appropriate.
- **Reclassify the Salmon CBOC as an OOS. Continue to study the sustainability of the site:** The Salmon CBOC is in a small, rural community with fewer Veterans than required for a full CBOC. As of FY 2019, the Salmon CBOC serves 483 core uniques, and there are 441 enrollees residing within a 30-minute drive time of the facility.

Cost Benefit Analysis

The Cost Benefit Analysis (CBA) evaluated the costs and benefits of three courses of action (COAs) for the VISN 20 Inland South Idaho Market: Status Quo, Modernization, and VA Recommendation. Status Quo includes costs associated with FCA deficiencies and represents no significant change in capital and operational costs. Modernization seeks to modernize all existing health care infrastructure. The VA Recommendation implements the market recommendation and seeks to modernize any remaining health care infrastructure.

- **Costs:** The present value cost³⁵ over a thirty-year period was calculated for each COA, inclusive of capital and operational costs. Capital costs included costs associated with construction of new facilities, modernization of current facilities, leases, land acquisition, and demolition. VA operational costs included direct costs (e.g., medical service costs), indirect costs (e.g., administrative costs), and VA special direct costs (e.g., suicide prevention coordinators). Non-VA care costs include direct costs (e.g., payments for patient care), indirect costs (e.g., care coordination), overhead costs (e.g., national program costs), and administrative per member per month costs (e.g., third party administration of the Community Care Network).
- **Benefits:** Benefits were evaluated based on five key domains: Demand and Supply, Access, Facilities and Sustainability, Quality, and Mission.

The CBA leveraged both the costs and benefits to generate the Cost Benefit Index (CBI) – a simple metric used to compare the costs and benefits associated with each COA. The COA with the lowest CBI is the preferred COA. The results of the CBA for the VISN 20 Inland South Idaho Market are provided in the following table. For more detailed information on the market CBA, please see Appendix H.

VISN 20 Inland South Idaho Market	Status Quo	Modernization	VA Recommendation
Total Cost	\$8,651,847,441	\$9,475,289,971	\$9,460,754,677
Capital Cost	\$184,040,794	\$1,007,483,325	\$992,948,030
Operational Cost	\$8,467,806,647	\$8,467,806,647	\$8,467,806,647
Total Benefit Score	7	10	11
CBI (normalized in \$B)	1.24	0.95	0.86

Note: Operational costs are shifted from VA to non-VA care only when a service line is relocated in totality to non-VA care at the parent facility level. Total cost is a sum of operational and capital costs rounded to the nearest dollar.

³⁵ The present value cost is the current value of future costs discounted at the defined discount rate.

Section 203 Criteria Analysis

This section provides an overview of how this market recommendation is consistent with the Section 203 decision criteria as required by the MISSION Act. For more detailed information, please see Appendix I.

Demand

This recommendation is consistent with the Demand criterion, aligning VA's high-performing integrated delivery network resources to effectively meet the future health care demand of the Veteran enrollee population with the capacity in the market.

- **Summary:** Following implementation of the recommendation, the capacity available through VA facilities and community providers would be able to support 100% of the projected enrollee demand.
- **Outpatient:** Outpatient demand will be met through six VA points of care offering outpatient services, including the proposed replacement Twin Falls, Idaho CBOC, as well as community providers in the market.
- **CLC:** Long-term care demand will be met through the Boise, Idaho VAMC, as well as community nursing homes.

The recommendation ensures that projected demand for SCI/D, RRTP, and blind rehabilitation is sufficiently met through VA-only capacity in the respective VISN or blind rehabilitation region.

- **SCI/D:** Demand for inpatient SCI/D will be met through the SCI/D Hub at the Seattle, Washington VAMC (VISN 20).
- **RRTP:** RRTP demand will be met through the Boise, Idaho VAMC and the other facilities within VISN 20 offering RRTP, including the American Lake, Washington VAMC; White City, Oregon VAMC; Portland-Vancouver, Washington VAMC; the proposed new stand-alone RRTP in Anchorage, Alaska; and the proposed new RRTP at the Spokane, Washington VAMC.
- **Blind rehabilitation:** Inpatient blind rehabilitation demand will be met through the facilities in the Northwest Region, including the American Lake, Washington VAMC (VISN 20) and the Palo Alto, California VAMC (VISN 21).
- **Inpatient acute:** Inpatient medicine, surgery, and mental health demand will be met through the Boise, Idaho VAMC, as well as through community providers.

Access

This recommendation is consistent with the Access criterion, maintaining or improving Veteran access to care in the market and providing Veterans the opportunity to choose the care they trust throughout their lifetime. The Access criterion evaluates enrollee access to care in the current and proposed future state across multiple service lines. It is evaluated for both the overall enrollee population as well as for specific subpopulations of enrollees that traditionally face barriers in receiving appropriate care, including minority enrollees, enrollees over 65, women enrollees, rural enrollees, and enrollees living in disadvantaged neighborhoods. Below are the access results for both primary care and outpatient specialty care among the overall enrollee population.

- **Access to primary care:** Following implementation of the recommendation, the number of enrollees within 30 minutes of primary care available through VA facilities and community providers is projected to be maintained, with 41,290 enrollees within 30 minutes of primary care in the future state.

Access

- **Access to specialty care:** Following implementation of the recommendation, the number of Veterans within 60 minutes of specialty care available through VA facilities and community providers is projected to be maintained, with 41,678 enrollees within 60 minutes of specialty care in the future state.

Mission

This recommendation is consistent with the Mission criterion, providing for VA's second, third, and fourth health related statutory missions of education, research, and emergency preparedness.

- **Education:** The recommendation for this market supports VA's ability to maintain its education mission in VISN 20. The recommendation allows for continued relationships with key academic partners, including but not limited to, the affiliation with the University of Washington.
- **Research:** This recommendation does not impact the research mission in the market and allows the Boise, Idaho VAMC to maintain the current research mission.
- **Emergency preparedness:** This recommendation maintains VA's ability to execute its emergency preparedness mission; the Boise, Idaho VAMC is not designated as a Primary Receiving Center.

Quality

This recommendation is consistent with the Quality criterion, considering the quality and delivery of health care services available to Veterans in the market, including the experience, safety, and appropriateness of care.

- **Quality among providers:** The recommendation ensures that all providers included within the high-performing integrated delivery network meet the established quality standards by provider type (outlined in Appendix E).
- **Quality improvements through new infrastructure:** Quality is improved through the proposed replacement Twin Falls, Idaho CBOC. This new infrastructure will aid in improving the patient experience with care delivery provided in modern spaces and aid in the recruitment of staff with facilities offering the latest technology.
- **Promoting recruitment of top clinical and non-clinical talent:** The recommendation maintains VA's academic and non-academic partnerships, which supports the recruitment and retention of top clinical and non-clinical talent.

Cost Effectiveness

This recommendation is consistent with the Cost Effectiveness criterion, providing a cost-effective means by which to provide Veterans with modern health care. The Cost Effectiveness criterion was assessed through a CBA summarized in the CBA section and detailed in Appendix H.

- **CBI:** The CBI is the primary metric for cost-effectiveness. The CBI for the VA Recommendation COA is lower than the Status Quo COA (0.86 for VA Recommendation versus 1.24 for Status Quo), indicating that the VA Recommendation is more cost effective than the Status Quo.

Sustainability

This recommendation is consistent with the Sustainability criterion, creating a sustainable health care delivery system for Veterans. It ensures that the health care delivery system proposed for the market is aligned with future demand, allowing it to sustainably operate and provide a safe and welcoming health care environment that meets modern health care standards.

- **Aligns investment in care and services with projected Veteran care needs:** All facilities in the future state of this market meet the minimum demand threshold to support sustainable services.
- **Sustainability improvements through new infrastructure:** Within this recommendation, sustainability is improved through the proposed new Twin Falls, Idaho CBOC. This new infrastructure modernizes VA facilities to include state-of-the-art equipment that will aid in the recruitment of providers and support staff.
- **Reflects stewardship of taxpayer dollars:** The cost of the market recommendation is less than the cost to modernize facilities in the market today (\$9.46B for VA Recommendation versus \$9.48B for Modernization). In addition, there are benefits realized through the market recommendation in at least one of the five domains assessed by the CBA that are not realized through the modernization approach. As a result, the CBI score for the VA Recommendation COA is lower than the Modernization COA (0.86 for VA Recommendation versus 0.95 for Modernization), reflecting effective stewardship of taxpayer dollars.



VISN 20 Western Washington Market

The Veterans Integrated Service Network (VISN) 20 Western Washington Market serves Veterans in Washington state. The recommendation includes justification for the proposed action, the results of the cost benefit analysis, and an overview of how the market recommendation is consistent with the MISSION Act Section 203 selection criteria.³⁶

VA's Commitment to Veterans in the Western Washington Market

The Department of Veterans Affairs (VA) is committed to providing equitable Veteran access to safe and high-quality care and services in VISN 20's Western Washington Market. We will operate a high-performing integrated delivery network that provides access to VA care, supplemented by care provided by Federal partners, academic affiliates, and community providers.

Based on substantial data analysis, interviews with VISN and VA medical center (VAMC) leaders, consultation with senior VA leadership, and the input received from Veterans and stakeholders, VA has developed a recommendation designed to ensure that Veterans today and for generations to come have access to the high-quality care they have earned. The recommendation also makes sure that VA continues to execute on its additional missions: education and training, research, and emergency preparedness. As VA considers implementing any recommendation approved by the Asset and Infrastructure Review (AIR) Commission, implementation will be carefully sequenced so that facilities or partnerships to which care will be realigned are fully established before the proposed realignment occurs.

Market Strategy

Veteran enrollees in the Western Washington Market are projected to increase. Demand is also projected to increase for inpatient medical, surgical, and mental health services, long-term care, and outpatient services. There is a need to expand access to VA health care to meet the existing and projected Veteran demand. The strategy for the Western Washington Market is intended to provide Veterans today and in the future with access to high-quality and conveniently located care in modern infrastructure. Key elements of the strategy are described below:

- **Provide equitable access to outpatient care through modern facilities close to where Veterans live and through the integration of virtual care:** VA's recommendation invests in new, expanded outpatient sites offering primary care, mental health, and specialty services in Everett, Olympia, and North Lake Washington, Washington, better distributing care and decompressing existing facilities.
- **Enhance VA's unique strengths in caring for Veterans with complex needs:** VA's recommendation invests in a new modern community living center (CLC) in Everett, Washington. The recommendation also maintains inpatient mental health, inpatient

³⁶ Please see the Volume II Reading Guide for more information concerning the purpose of each Market Recommendation section and key definitions.

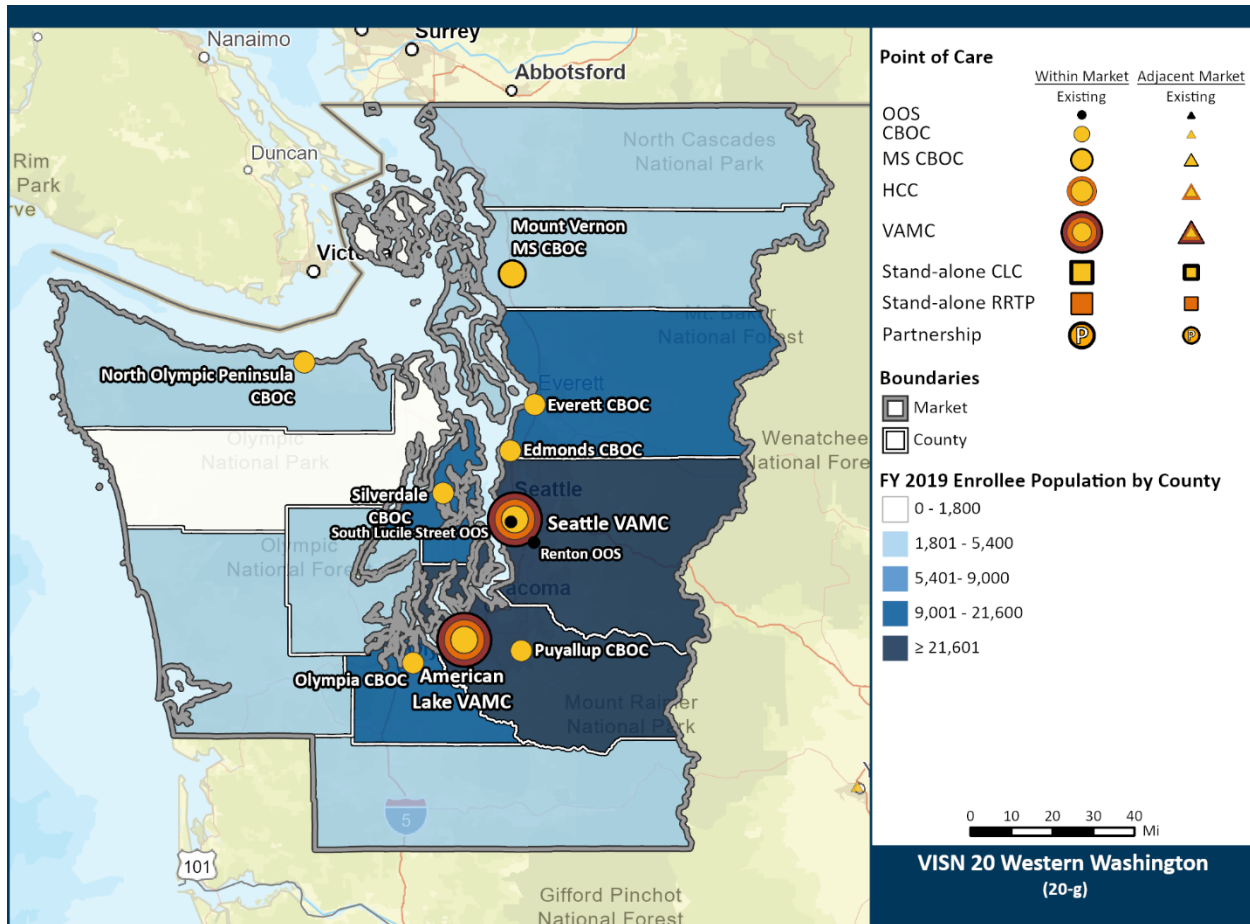
rehabilitation, inpatient spinal cord injuries and disorders (SCI/D), and short-stay post-surgery rehabilitation at the Seattle VAMC and inpatient blind rehabilitation, residential rehabilitation treatment program (RRTP), and CLC at the American Lake VAMC.

- **Provide equitable access to quality inpatient medical and surgical care through the optimized use of care delivered in VA facilities and through partnerships, community providers, and virtual care:** VA's recommendation maintains sustainable inpatient medical and surgical care programs within the Seattle VAMC and partner facilities, including Madigan Army Medical Center at Joint Base Lewis-McChord.

Market Overview

The market overview includes a map of the Western Washington Market, key metrics for the market, and select considerations used in forming the market recommendation.

Market Map



Note: A partnership is a strategic collaboration between VA and a non-VA entity.

Facilities: The market has two VAMCs (Seattle and American Lake), one multi-specialty community-based outpatient clinic (MS CBOC), six community-based outpatient clinics (CBOCs), and two other outpatient services (OOS) sites.

Enrollees: In fiscal year (FY) 2019, the market had 150,917 enrollees and is projected to experience a 9.6% increase in enrolled Veterans by FY 2029. The largest enrollee populations are in the counties of Pierce, King, and Snohomish, Washington.

Demand: Demand³⁷ in the market for inpatient medical and surgical services is projected to increase by 1.8% and demand for inpatient mental health services is projected to increase by 6.0% between FY 2019 and FY 2029. Demand for long-term care³⁸ is projected to increase by 76.3%. Demand for all outpatient services,³⁹ including primary care, mental health, specialty care, dental care, and rehabilitation therapies, is projected to increase.

Rurality: 25.7% of enrollees in the market live in rural areas compared to the VA national average of 32.5%.

Access: 64.7% of enrollees in the market live within a 30-minute drive time of a VA primary care site, and 76.1% of enrollees live within a 60-minute drive time of a VA secondary care site.

Community Capacity: As of 2019, community providers⁴⁰ in the market within a 60-minute drive time of the VAMCs had an inpatient medical and surgical occupancy rate⁴¹ of 73.7% (528 available beds)⁴² and an inpatient mental health occupancy rate of 85.2% (5 available beds). Community nursing homes within a 30-minute drive time of the VAMC were operating at an occupancy rate of 77.3% (871 available beds). Community residential rehabilitation programs⁴³ that match the breadth of services provided by VA are not widely available in the market.

Mission: VA has an academic affiliation in the market with the University of Washington. The Seattle VAMC is ranked 25 out of 154 VA training sites based on the number of trainees, and the American Lake VAMC is ranked 144 out of 154. The Seattle VAMC is ranked 6 out of 103 VAMCs with research funding, and the American Lake VAMC conducts limited or no research. The VAMCs have no emergency designation.⁴⁴

³⁷ Projected market demand for inpatient medical and surgical services is based on VA's Enrollee Health Care Projection Model (EHCPM) in bed days of care (BDOC).

³⁸ Projected market demand for inpatient Long-Term Services and Supports (LTSS) is based on VA's EHCPM in BDOC.

³⁹ Projected market demand for outpatient services is based on VA's EHCPM in relative value units (RVUs).

⁴⁰ Community providers include Veterans Community Care Program (VCCP) providers and potential VCCP providers.

⁴¹ Occupancy rates are calculated by dividing the total average daily census (ADC) by the total number of operating beds. Beds at hospitals or nursing homes above the target occupancy rates are excluded.

⁴² Available beds in the community are estimated using a target occupancy rate of 80% for hospitals and 90% for community nursing homes.

⁴³ Includes community residential rehabilitation programs similar to VA's RRTP, blind rehabilitation, and rehabilitative SCI/D services.

⁴⁴ VAMCs participating in the National Disaster Medical System are designated as Federal Coordinating Centers. Select Federal Coordinating Centers are also designated as Primary Receiving Centers.

Facility Overviews

Seattle VAMC: The Seattle VAMC is located in Seattle, Washington, and offers inpatient medical and surgical care, inpatient mental health care, rehabilitation medicine, SCI/D, CLC, and outpatient services. In FY 2019, the Seattle VAMC had an inpatient medical and surgical ADC of 82.8, an inpatient mental health ADC of 14.1, an inpatient rehabilitation ADC of 6.1, an SCI/D ADC of 25.5, and a CLC ADC of 30.1.

The Seattle VAMC was built in 1985 on 42.0 acres. Facility condition assessment (FCA) deficiencies are approximately \$107.5M, and annual operations and maintenance costs are an estimated \$18.8M.

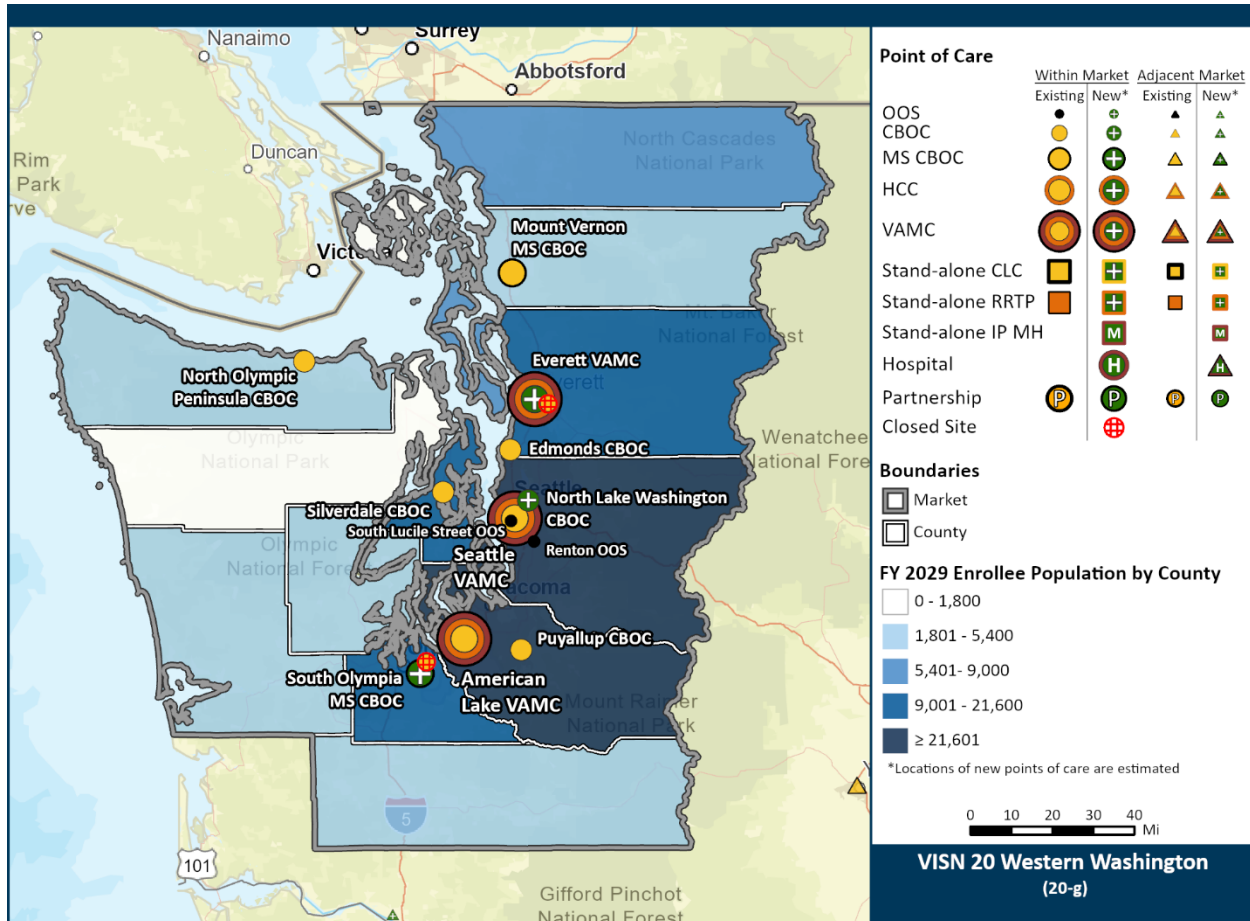
American Lake VAMC: The American Lake VAMC is located in Tacoma, Washington, and offers inpatient blind rehabilitation, RRTP, CLC, and outpatient services. In FY 2019, the American Lake VAMC had an inpatient blind rehabilitation ADC of 5.5, an RRTP ADC of 61.0, and a CLC ADC of 31.4.

The American Lake VAMC was built in 1947 on 465.0 acres. FCA deficiencies are approximately \$102.7M, and annual operations and maintenance costs are an estimated \$8.9M.

Recommendation and Justification

This section details the VISN 20 Western Washington Market recommendation and justification for each element of the recommendation.

Future Market Map



1. Modernize and realign the Seattle VAMC by:

- 1.1. Modernizing inpatient medical and surgical space at the Seattle VAMC:** The Seattle VAMC is a well-located tertiary⁴⁵ medical center, but the site has no acreage available for new buildings and has not had a major renovation in recent years. It has \$107.5M in FCA deficiencies. Total ADC at the Seattle VAMC was 158.6 in FY 2019, including 82.8 for inpatient medical and surgical and 14.1 for mental health. Other inpatient services include RRTP, CLC, inpatient rehabilitation, and SCI/D services. In-house demand for inpatient medical/surgical and mental health care at the Seattle VAMC is projected to decrease 20.5% and 4.3% respectively between FY 2019 and FY 2029. The hospital building was built in 1985 and has outdated inpatient, surgical, and other clinical areas requiring modernization. The Seattle VAMC currently has double occupancy

⁴⁵ Highly specialized medical care that involves advanced and complex procedures and treatments performed by medical specialists in state-of-the-art facilities.

bedrooms, and all are undersized based on current VA space standards. The inpatient medical and surgical modernization would convert patient rooms to private rooms and would increase beds from 118 to 124, which will include a 4 to 6 bed specialized medical-psych unit. To make way for renovations and mitigate disruption to ongoing operations, it is proposed to relocate CLC beds to the proposed Everett VAMC and create a small number of CLC beds for short-stay post-surgery rehabilitation. Modernizing and increasing bed capacity will ensure high quality inpatient care continues to be available to Veterans in this growing market.

- 1.2. **Relocating CLC services provided at the Seattle VAMC to current or future VA facilities and discontinuing those services at the Seattle VAMC:** Relocating CLC services to a new 60 bed facility at the proposed Everett VAMC will increase access and capacity in buildings that meet current VA design standards. The proposed Everett VAMC is well placed for the Veteran population, with 41,823 enrollees within 60 minutes as of FY 2019. This will allow the Seattle VAMC to focus its mission on acute care.
- 1.3. **Expanding the partnership between the Seattle and American Lake VAMCs and the Department of Defense's (DoD) Madigan Army Medical Center:** Collaboration between the Seattle and American Lake VAMCs and Madigan Army Medical Center will expand Veteran access and support the missions of both Departments. The American Lake VAMC is approximately 19 minutes from the Madigan Army Medical Center, and the Seattle VAMC is approximately 83 minutes from the Madigan Army Medical Center. The Veteran population is growing rapidly in Pierce County, where the American Lake VAMC is located.
2. **Modernize and realign services by constructing a new VAMC with CLC and outpatient services in the vicinity of Everett, Washington:** Constructing a new VAMC in Everett, Washington, in the growing population center of Snohomish and northern King counties will close a geographic service gap for outpatient care. There were 18,581 enrollees residing within a 30-minute drive time and 44,118 enrollees residing within a 60-minute drive time to the Everett CBOC as of FY 2019. A new VAMC will expand access to primary care, outpatient mental health, specialty care, dental, and CLC services. The Seattle VAMC has space constraints and requires modernization of outdated clinical spaces. Relocating a portion of specialty care and the majority of CLC services from the Seattle VAMC to the proposed Everett VAMC will allow the market to expand access to specialty care, increase CLC bed capacity, and free up space within the Seattle VAMC to enable renovations. The new Everett VAMC will also allow for the closure of the Everett, Washington, CBOC. Closing the clinic's services and relocating to a new, larger VAMC will enable VA to provide expanded primary care, outpatient mental health and specialty care services in a properly sized facility.
3. **Modernize and realign outpatient facilities in the market by relocating the Olympia CBOC to a new site in the vicinity of Olympia, Washington, and closing the existing Olympia CBOC:** The market opened a small CBOC in Olympia in FY 2021, offering primary care and outpatient mental health. The small CBOC is not large enough to support the large enrollee population in the area. This recommendation provides a MS CBOC in a larger facility in the vicinity of Olympia, Washington. There are 66,867 enrollees within 60 minutes of the proposed site, as of FY 2019. The relocation will allow for an increase in primary care and outpatient mental health services and the addition of outpatient specialty care capacity.

Complementary Strategy

In addition to the recommendation submitted for AIR Commission approval, VA also anticipates implementing a complementary strategy that supports a high-performing integrated delivery network:

Western Washington Market

- **Expand VISN-wide Clinical Resource telehealth hub for specialty care services in Seattle, Washington, for high demand/low supply specialties in rural areas and smaller markets:** The Western Washington Market has training programs and provider staffing to develop a strong VISN-wide clinical resource hub for specialty care, providing virtual care to markets experiencing provider turnover or chronic shortages. VISN-wide Clinical Resource Telehealth Hubs can address these shortages when the specialty can be supported in part or in whole by telehealth visits.

Seattle VAMC

- **Relocate dental services currently provided at the Mount Vernon MS CBOC to the new proposed Everett VAMC; discontinue dental services at the Mount Vernon MS CBOC:** Market demand for dental services is projected to increase 50.2% between FY 2019 and FY 2029. The Mount Vernon MS CBOC is in the far north of the market and is space constrained. The new proposed Everett VAMC is in a more centralized location, improving Veteran access and allowing an expansion of capacity for a growing enrollee population.
- **Expand remote (telework) opportunities due to limited square footage for direct patient care:** Only 33.0% of Seattle VAMC space is devoted to patient care, and many clinical spaces are undersized, or in need of renovation. Expanding telework opportunities for administrative staff will increase availability of direct patient care space.
- **Establish a new CBOC in the vicinity of North Lake Washington, Washington (in progress):** A new CBOC in the vicinity of North Lake Washington, Washington, will expand access to primary care and outpatient mental health services in King County. As of FY 2019, there were 18,939 enrollees within 30 minutes of the proposed site, which is approximately 26 minutes (23 miles) from the nearest VA facility in Seattle, Washington.

American Lake VAMC

- **Create facility strategy and building master plan:** The American Lake VAMC faces challenges, including aging infrastructure and the fact that 71.2% of buildings are listed on the National Register of Historic Places. A new specialty building under construction will create new capacity. To develop cost-effective changes that promote effective and efficient patient care, VA will engage in a planning process to create a facility master plan.

Cost Benefit Analysis

The Cost Benefit Analysis (CBA) evaluated the costs and benefits of three courses of action (COAs) for the VISN 20 Western Washington Market: Status Quo, Modernization, and VA Recommendation. Status Quo includes costs associated with FCA deficiencies and represents no significant change in capital and operational costs. Modernization seeks to modernize all existing health care infrastructure. The VA Recommendation implements the market recommendation and seeks to modernize any remaining health care infrastructure.

- Costs:** The present value cost⁴⁶ over a thirty-year period was calculated for each COA, inclusive of capital and operational costs. Capital costs included costs associated with construction of new facilities, modernization of current facilities, leases, land acquisition, and demolition. VA operational costs included direct costs (e.g., medical service costs), indirect costs (e.g., administrative costs), and VA special direct costs (e.g., suicide prevention coordinators). Non-VA care costs include direct costs (e.g., payments for patient care), indirect costs (e.g., care coordination), overhead costs (e.g., national program costs), and administrative per member per month costs (e.g., third party administration of the Community Care Network).
- Benefits:** Benefits were evaluated based on five key domains: Demand and Supply, Access, Facilities and Sustainability, Quality, and Mission.

The CBA leveraged both the costs and benefits to generate the Cost Benefit Index (CBI) – a simple metric used to compare the costs and benefits associated with each COA. The COA with the lowest CBI score is the preferred COA. The results of the CBA for the VISN 20 Western Washington Market are provided in the following table. For more detailed information on the market CBA, please see Appendix H.

VISN 20 Western Washington Market	Status Quo	Modernization	VA Recommendation
Total Cost	\$29,829,437,204	\$31,428,728,203	\$31,537,912,057
Capital Cost	\$1,341,928,528	\$2,941,219,527	\$3,050,403,381
Operational Cost	\$28,487,508,676	\$28,487,508,676	\$28,487,508,676
Total Benefit Score	8	11	14
CBI (normalized in \$B)	3.73	2.86	2.25

Note: Operational costs are shifted from VA to non-VA care only when a service line is relocated in totality to non-VA care at the parent facility level. Total cost is a sum of operational and capital costs rounded to the nearest dollar.

⁴⁶ The present value cost is the current value of future costs discounted at the defined discount rate.

Section 203 Criteria Analysis

This section provides an overview of how this market recommendation is consistent with the Section 203 decision criteria as required by the MISSION Act. For more detailed information, please see Appendix I.

Demand

This recommendation is consistent with the Demand criterion, aligning VA's high-performing integrated delivery network resources to effectively meet the future health care demand of the Veteran enrollee population with the capacity in the market.

- **Summary:** Following implementation of the recommendation, the capacity available through VA facilities and community providers would be able to support 100% of the projected enrollee demand.
- **Outpatient:** Outpatient demand will be met through 12 VA points of care offering outpatient services, including the proposed new Everett, Washington VAMC; the proposed new North Lake Washington, Washington CBOC; and the proposed replacement South Olympia, Washington MS CBOC; as well as community providers in the market.
- **CLC:** Long-term care demand will be met through the American Lake, Washington VAMC and the proposed new Everett, Washington VAMC, as well as community nursing homes.

The recommendation ensures that projected demand for SCI/D, RRTP, and blind rehabilitation is sufficiently met through VA-only capacity in the respective VISN or blind rehabilitation region.

- **SCI/D:** Demand for inpatient SCI/D will be met through the SCI/D Hub at the Seattle, Washington VAMC.
- **RRTP:** RRTP demand will be met through the American Lake, Washington VAMC, and the other facilities within VISN 20 offering RRTP, including the Boise, Idaho VAMC; Portland-Vancouver, Washington VAMC; White City, Oregon VAMC; the proposed new stand-alone RRTP in Anchorage, Alaska; and the proposed new RRTP at the Spokane, Washington VAMC.
- **Blind rehabilitation:** Inpatient blind rehabilitation demand will be met through the facilities in the Northwest Region, including the American Lake VAMC and the Palo Alto, California VAMC (VISN 21).
- **Inpatient acute:** Inpatient medicine, surgery, and mental health demand will be met through the Seattle, Washington VAMC, as well as through community providers.

Access

This recommendation is consistent with the Access criterion, maintaining or improving Veteran access to care in the market and providing Veterans the opportunity to choose the care they trust throughout their lifetime. The Access criterion evaluates enrollee access to care in the current and proposed future state across multiple service lines. It is evaluated for both the overall enrollee population as well as for specific subpopulations of enrollees that traditionally face barriers in receiving appropriate care, including minority enrollees, enrollees over 65, women enrollees, rural enrollees, and enrollees living in disadvantaged neighborhoods. Below are the access results for both primary care and outpatient specialty care among the overall enrollee population.

- **Access to primary care:** Following implementation of the recommendation, the number of enrollees within 30 minutes of primary care available through VA facilities and community providers is projected to be maintained, with 158,229 enrollees within 30 minutes of primary care in the future state.

Access

- **Access to specialty care:** Following implementation of the recommendation, the number of Veterans within 60 minutes of specialty care available through VA facilities and community providers is projected to be maintained, with 159,136 enrollees within 60 minutes of specialty care in the future state.

Mission

This recommendation is consistent with the Mission criterion, providing for VA's second, third, and fourth health related statutory missions of education, research, and emergency preparedness

- **Education:** The recommendation for this market supports VA's ability to maintain its education mission in VISN 20. The recommendation allows for continued relationships with key academic partners, including but not limited to, the affiliation with the University of Washington.
- **Research:** This recommendation does not impact the research mission in the market and allows the Seattle, Washington VAMC to maintain the current research mission.
- **Emergency preparedness:** This recommendation maintains VA's ability to execute its emergency preparedness mission; the Seattle, Washington VAMC and American Lake, Washington VAMC are not designated as Primary Receiving Centers.

Quality

This recommendation is consistent with the Quality criterion, considering the quality and delivery of health care services available to Veterans in the market, including the experience, safety, and appropriateness of care.

- **Quality among providers:** The recommendation ensures that all providers included within the high-performing integrated delivery network meet the established quality standards by provider type (outlined in Appendix E).
- **Quality improvements through new infrastructure:** Quality is improved through the proposed new Everett, Washington VAMC; replacement South Olympia, Washington MS CBOC; and North Lake, Washington CBOC; as well as the modernization of the inpatient medical and surgical rooms at the Seattle, Washington VAMC. This new infrastructure will aid in improving the patient experience with care delivery provided in modern spaces and aid in the recruitment of staff with facilities offering the latest technology.
- **Promoting recruitment of top clinical and non-clinical talent:** The recommendation maintains VA's academic and non-academic partnerships, which supports the recruitment and retention of top clinical and non-clinical talent.

Cost Effectiveness

This recommendation is consistent with the Cost Effectiveness criterion, providing a cost-effective means by which to provide Veterans with modern health care. The Cost Effectiveness criterion was assessed through a CBA summarized in the CBA section and detailed in Appendix I.

- **CBI:** The CBI is the primary metric for cost effectiveness. The CBI for the VA Recommendation COA is lower than the Status Quo COA (2.25 for VA Recommendation versus 3.73 for Status Quo), indicating that the VA Recommendation is more cost effective than the Status Quo.

Sustainability

This recommendation is consistent with the Sustainability criterion, creating a sustainable health care delivery system for Veterans. It ensures that the health care delivery system proposed for the market is aligned with future demand, allowing it to sustainably operate and provide a safe and welcoming health care environment that meets modern health care standards.

- **Aligns investment in care and services with projected Veteran care needs:** All facilities in the future state of this market meet the minimum demand threshold to support sustainable services.
- **Sustainability improvements through new infrastructure:** Within this recommendation, sustainability is improved through the proposed new Everett, Washington VAMC; South Olympia, Washington MS CBOC; and North Lake, Washington CBOC; as well as the modernization of the inpatient medical and surgical rooms at the Seattle, Washington VAMC. This new infrastructure modernizes VA facilities to include state-of-the-art equipment that will aid in the recruitment of providers and support staff.
- **Reflects stewardship of taxpayer dollars:** While the cost of the market recommendation is more than the cost to modernize facilities in the market today (\$31.5B for VA Recommendation versus \$31.4B for Modernization), there are benefits realized through the market recommendation in at least one of the five domains assessed by the CBA that are not realized through the modernization approach. As a result, the CBI score for the VA Recommendation COA is lower than the Modernization COA (2.25 for VA Recommendation versus 2.86 for Modernization), reflecting effective stewardship of taxpayer dollars.



VISN 20 Inland North Market

The Veterans Integrated Service Network (VISN) 20 Inland North Market serves Veterans in parts of Idaho, Washington, and Oregon. The recommendation includes justification for the proposed action, the results of the cost benefit analysis, and an overview of how the market recommendation is consistent with the Section 203 selection criteria.⁴⁷

VA's Commitment to Veterans in the Inland North Market

The Department of Veterans Affairs (VA) is committed to providing equitable Veteran access to safe and high-quality care and services in VISN 20's Inland North Market. We will operate a high-performing integrated delivery network that provides access to VA care, supplemented by care provided by Federal partners, academic affiliates, and community providers.

Based on substantial data analysis, interviews with VISN and VA medical center (VAMC) leaders, consultation with senior VA leadership, and the input received from Veterans and stakeholders, VA has developed a recommendation designed to ensure that Veterans today and for generations to come have access to the high-quality care they have earned. The recommendation also makes sure that VA continues to execute on its additional missions: education and training, research, and emergency preparedness. As VA considers implementing any recommendation approved by the Asset and Infrastructure Review (AIR) Commission, implementation will be carefully sequenced so that facilities or partnerships to which care will be realigned are fully established before the proposed realignment occurs.

Market Strategy

Veteran enrollees in the Inland North Market are projected to increase modestly. Demand is projected to increase for inpatient medical, surgical, and mental health services, long-term care, and outpatient services. There is a need to expand access to VA health care to meet the existing and projected Veteran demand. The strategy proposes investment in new outpatient facilities and expanding services in existing clinics to meet projected Veteran demand while rightsizing services at the Walla Walla VAMC. The strategy for the market is intended to provide Veterans today and in the future with access to high-quality and conveniently located care in modern infrastructure. Key elements of the strategy are described below:

- **Provide equitable access to outpatient care through modern facilities close to where Veterans live and through the integration of virtual care:** VA's recommendation invests in modernized outpatient sites by relocating outpatient services from the Richland community-based outpatient clinic (CBOC) to an expanded facility in the vicinity of Richland, Washington. This will enable transition of specialty care services from the Walla Walla VAMC to a more sustainable location where a greater number of enrollees reside. VA's recommendation also expands service

⁴⁷ Please see the Volume II Reading Guide for more information concerning the purpose of each Market Recommendation section and key definitions.

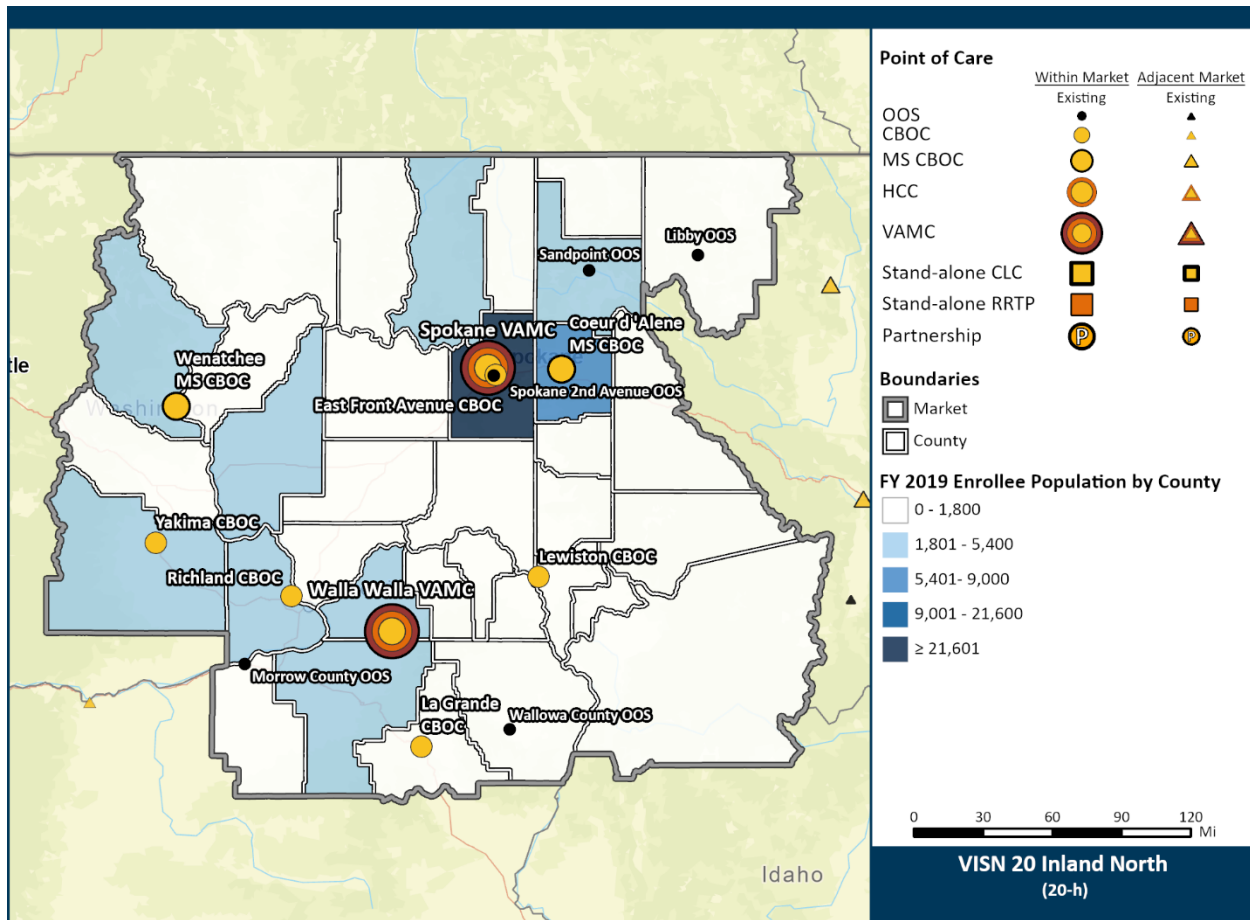
offerings at the Yakima, Washington CBOC, which may result in the classification of the facility as a multi-specialty community-based outpatient clinic (MS CBOC).

- **Enhance VA's unique strengths in caring for Veterans with complex needs:** VA's recommendation invests in relocating residential rehabilitation treatment program (RRTP) services from the Walla Walla VAMC to a new facility at the Spokane VAMC to provide comprehensive care that may not readily available in the community. The strategy maintains inpatient mental health and community living center (CLC) services within the Spokane VAMC. Inpatient spinal cord injuries and disorders (SCI/D) and blind rehabilitation are regional services. Inpatient SCI/D services will be provided at the Seattle VAMC while inpatient blind rehabilitation services will be provided at through the facilities in the Northwest Region, including the American Lake, Washington VAMC (VISN 20) and the Palo Alto, California VAMC (VISN 21).
- **Provide equitable access to quality inpatient medical and surgical care through the optimized use of care delivered in VA facilities and through partnerships, community providers, and virtual care:** VA's recommendation establishes a partnership through which VA can deliver inpatient medical and surgical services in a partner's space.

Market Overview

The market overview includes a map of the Inland North Market, key metrics for the market, and select considerations used in forming the market recommendation.

Market Map



Note: A partnership is a strategic collaboration between VA and a non-VA entity.

Facilities: The market has two VAMCs (Walla Walla and Spokane), two MS CBOCs, five CBOCs, and five other outpatient services (OOS) sites.

Enrollees: In fiscal year (FY) 2019, the market had 71,630 enrollees and is projected to experience a 0.9% decrease in enrolled Veterans by FY 2029. The largest enrollee populations are in the counties of Spokane and Benton, Washington; and Kootenai County, Idaho.

Demand: Demand⁴⁸ in the market for inpatient medical and surgical services is projected to increase by 15.1% and demand for inpatient mental health services is projected to increase by 8.2% between FY 2019 and FY 2029. Demand for long-term care⁴⁹ is projected to increase by 61.3%. Demand for all

⁴⁸ Projected market demand for inpatient medical and surgical services is based on VA's Enrollee Health Care Projection Model (EHCPM) in bed days of care (BDOC).

⁴⁹ Projected market demand for inpatient Long-Term Services and Supports (LTSS) is based on VA's EHCPM in BDOC.

outpatient services,⁵⁰ including primary care, mental health, specialty care, dental care, and rehabilitation therapies, is projected to increase.

Rurality: 44.2% of enrollees in the market live in rural areas compared to the VA national average of 32.5%.

Access: 62.9% of enrollees in the market live within a 30-minute drive time of a VA primary care site and 40.3% of enrollees live within a 60-minute drive time of a VA secondary care site.

Community Capacity: As of 2019, community providers⁵¹ in the market within a 60-minute drive time of the VAMCs had an inpatient acute occupancy rate⁵² of 62.0% (408 available beds)⁵³ and an inpatient mental health occupancy rate of 97.4%, indicating limited community availability for inpatient mental health services. Community nursing homes within a 30-minute drive time of the VAMCs were operating at an occupancy rate of 81.9% (167 available beds), indicating limited community availability of extended care services. Community residential rehabilitation programs⁵⁴ that match the breadth of services provided by VA are not widely available in the market.

Mission: VA has academic affiliations in the market that include Washington State University-Spokane, University of Washington, Pacific Northwest University, and Spokane Teaching Health Center. The Walla Walla VAMC is ranked 146 out of 154 VA training sites based on the number of trainees, and the Spokane VAMC is ranked 102. The VAMCs conduct limited or no research and have no emergency designation.⁵⁵

Facility Overviews

Walla Walla VAMC: The Walla Walla VAMC is located in Walla Walla, Washington, and offers RRTP and outpatient services. In FY 2019, the Walla Walla VAMC had an RRTP average daily census (ADC) of 21.9.

The Walla Walla VAMC is located on an 1800s-era site with newer clinical facilities built in 2013 on 77.0 acres. Facility condition assessment deficiencies (FCA) are approximately \$141.3M, and annual operations and maintenance costs are an estimated \$4.2M.

Spokane VAMC: The Spokane VAMC is located in Spokane, Washington, and offers inpatient medical and surgical care, inpatient mental health, CLC, and outpatient services. In FY 2019, the Spokane VAMC had an inpatient medical and surgical ADC of 7.8, an inpatient mental health ADC of 6.6, and a CLC ADC of 27.2.

The Spokane VAMC was built in 1950 on 35.0 acres. FCA deficiencies are approximately \$67.8M, and annual operations and maintenance costs are an estimated \$5.7M.

⁵⁰ Projected market demand for outpatient services is based on VA's EHCPM in relative value units (RVUs).

⁵¹ Community providers include Veterans Community Care Program (VCCP) providers and potential VCCP providers.

⁵² Occupancy rates are calculated by dividing the total average daily census (ADC) by the total number of operating beds. Beds at hospitals or nursing homes above the target occupancy rates are excluded.

⁵³ Available beds in the community are estimated using a target occupancy rate of 80% for hospitals and 90% for community nursing homes.

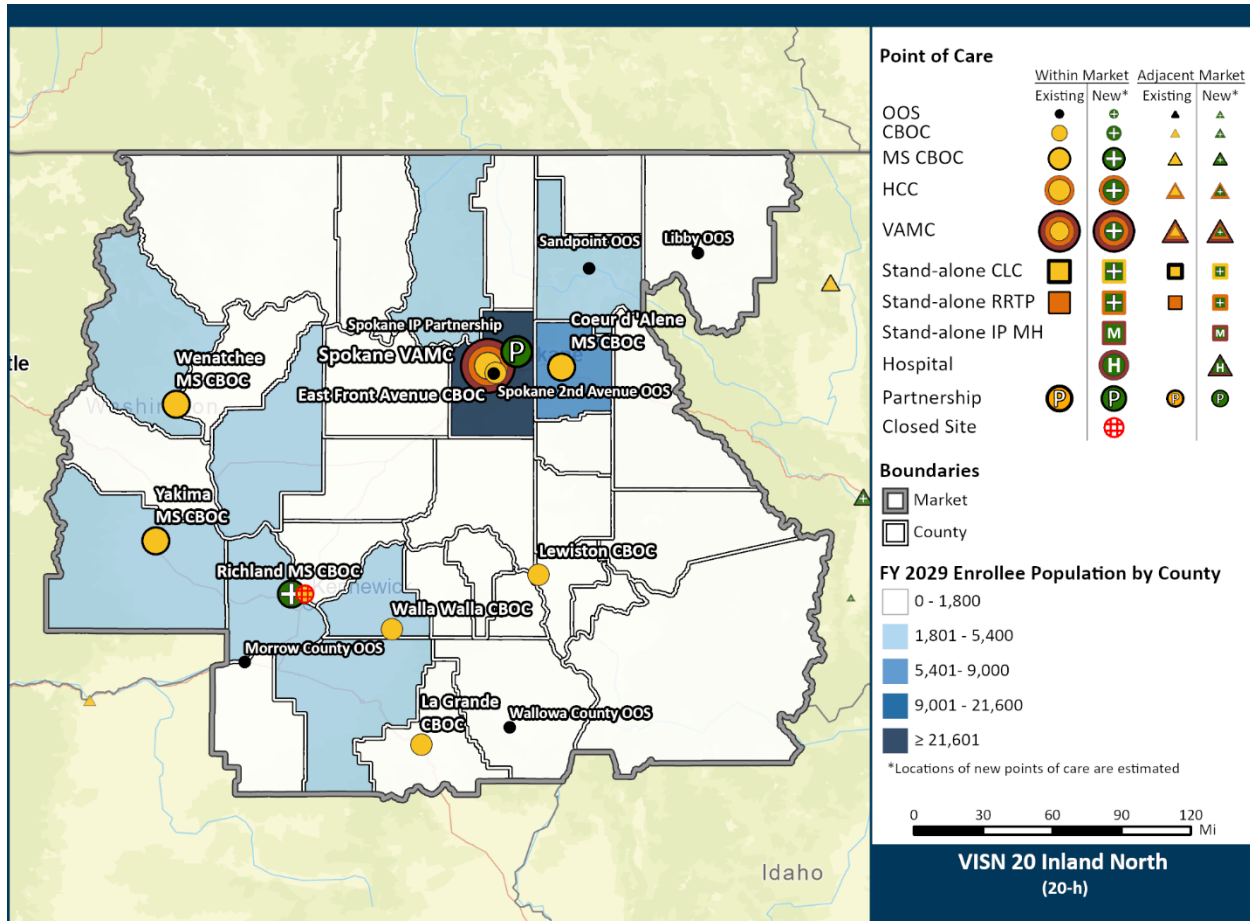
⁵⁴ Includes community residential rehabilitation programs similar to VA's RRTP, blind rehabilitation, and rehabilitative SCI/D services.

⁵⁵ VAMCs participating in the National Disaster Medical System are designated as Federal Coordinating Centers. Select Federal Coordinating Centers are also designated as Primary Receiving Centers.

Recommendation and Justification

This section details the VISN 20 Inland North Market recommendation and justification for each element of the recommendation.

Future Market Map



1. Modernize and realign the Spokane VAMC by:

- 1.1. **Establishing a strategic collaboration to provide inpatient medical and surgical services and discontinuing those services at the Spokane VAMC. If unable to enter into a strategic collaboration, utilize community providers:** At the Spokane VAMC, there is currently low inpatient medical and surgical demand. Inpatient medical and surgical ADC was 7.8 in FY 2019 and is projected to remain stable at 8.7 in FY 2029. There are community hospitals in the area, with an inpatient acute occupancy rate of 62.0% (408 acute beds available). There are hospital systems with which VA could establish a strategic collaboration to allow VA providers to deliver inpatient care in a partner space. If this type of partnership is not possible, VA recommends transitioning inpatient medical and surgical services to community providers. This transition of care will maintain Veteran access to inpatient medical and surgical services while avoiding quality issues associated with low volume programs.

- 1.2. **Establishing a new RRTP:** The Spokane VAMC does not currently offer RRTP services. The closest VA point of care for RRTP is the Walla Walla VAMC. The RRTP at the Walla Walla VAMC is approximately three hours (157 miles) away and is proposed to close. Market demand is projected to be 20.5 ADC in FY 2029. Relocating RRTP services from Walla Walla VAMC to the Spokane VAMC will place these services in a much larger population center (28,982 Veterans reside within 60 minutes of the Spokane VAMC compared to 5,060 within 60 minutes of the Walla Walla VAMC) and improve VA's ability to consistently staff the service. The Spokane VAMC offers inpatient mental health and has a larger outpatient mental health program than the Walla Walla VAMC.
2. **Modernize and realign the Walla Walla VAMC by relocating RRTP and outpatient specialty care services to current or future VA facilities and discontinuing those services at the Walla Walla VAMC:** Only 5,060 enrollees reside within 60 minutes of the Walla Walla VAMC. Current services include primary care, outpatient mental health, specialty care, and RRTP. It is recommended that the Walla Walla VAMC reduce services to primary care and mental health, which may result in the VAMC being reclassified as a CBOC. VA has experienced an ongoing challenge recruiting and retaining clinical staff. Relocating specialty care services to a new MS CBOC in Richland, Washington, which is approximately 60 minutes (58 miles) away, will expand access to specialty care to a larger population center where 9,123 enrollees reside within 60 minutes, reducing drive times and improving Veteran satisfaction. The Walla Walla RRTP had an ADC of 21.9 in FY 2019. RRTP capacity was reduced during COVID-19 due to staff shortages and infection control concerns. Relocating RRTP services to the Spokane VAMC will expand access for Veterans by placing these services where 28,982 enrollees reside within 60 minutes.
3. **Modernize and realign outpatient facilities in the market by relocating the Richland CBOC to a new site in the vicinity of Richland, Washington, and closing the existing Richland CBOC:** The new location of the Richland MS CBOC will remain in the vicinity of Richland, Washington. A new location is required because expansion opportunities at the existing CBOC are limited. In FY 2019, Richland served 4,368 core uniques.⁵⁶ There were 6,440 enrollees within 30 minutes and 9,123 enrollees within 60 minutes of the proposed site, as of FY 2019. The relocation will allow for an increase in primary care, outpatient mental health, and outpatient specialty care capacity. As specialty care services are discontinued at the Walla Walla VAMC, the Richland CBOC relocation can help absorb specialty care demand from the VAMC. With the addition of outpatient specialty services, the facility will be re-classified as an MS CBOC.

Complementary Strategy

In addition to the recommendation submitted for AIR Commission approval, VA also anticipates implementing a complementary strategy that supports a high-performing integrated delivery network:

Inland North Market

- **Consolidate the administrative teams from the Walla Walla VAMC and the Spokane VAMC into a single administrative team for the Inland North Market:** Consolidating to one administrative

⁵⁶ VA core unique patients exclude Veterans who have used only VA telephone triage, pharmacy, and laboratory services.

structure will allow for care to be coordinated in a more market-focused way and would be more cost effective than two separate administrative teams.

- **Increase availability of ophthalmology across the Inland North Market to address the potential lack of high-quality ophthalmologists:** As identified by the Section 203 criteria analysis, the potential lack of high-quality ophthalmologists requires increased availability of ophthalmology services across points of care in the Inland North Market. Increased availability may be achieved through a variety of tactics such as telehealth, Veterans Community Care Program (VCCP) recruitment, and hiring additional VA providers, as appropriate.
- **Increase availability of neurosurgery services across the Inland North Market to address the potential lack of high-quality neurosurgeons:** As identified by the Section 203 criteria analysis, the potential lack of high-quality neurosurgeons requires increased availability of neurosurgery services across points of care in the Inland North Market. Increased availability may be achieved through a variety of tactics such as telehealth and VCCP recruitment, as appropriate.

Spokane VAMC

- **Establish a strategic collaboration with the Federally Qualified Health Center (FQHC) Northport Community Health Center (CHC) to provide primary care and outpatient mental health services in Stevens and Pend Oreille counties:** Currently, Veterans residing in Stevens County and Pend Oreille County must travel one and half to two hours to the Spokane VAMC to receive primary care, making these Veterans eligible to seek care under the MISSION Act access standards due to distance. The Northport CHC is an FQHC between Stevens County and Pend Oreille County that provides acute and preventive medical services, making it a viable potential partner for VA to serve Veterans in these rural counties.
- **Add audiology services to the Coeur d'Alene MS CBOC:** The enrollees in Kootenai County are projected to increase, as is demand for outpatient specialty care services. Audiology is not presently available at the MS CBOC and adding this service would alleviate space gaps at the Spokane VAMC, which has space shortages for outpatient services.
- **Create a facility master plan for modernizing the infrastructure at the Spokane VAMC:** The Spokane VAMC's most recent renovations took place in 2013. The facility remains at seismic risk and lacks the system isolations for construction to take place on the facility without impacting clinical functions. A facility master plan would set in motion the overall modernization of the facility.

Walla Walla VAMC

- **Add optometry and physical therapy services to the Yakima CBOC, which may result in the classification of the facility as an MS CBOC:** The Walla Walla VAMC, located approximately two hours (134 miles) away, is the nearest location to Yakima County offering these outpatient services. Expanding outpatient specialty services at the Yakima CBOC would bring care closer to Veterans in Yakima County while decompressing the Walla Walla VAMC.
- **Develop a robust case management program to coordinate the transition of patients into the community:** Total demand for Walla Walla VAMC inpatient medical and surgical care is

projected to increase 34.0% between FY 2019 and FY 2029. Since Walla Walla does not offer inpatient care at the VAMC, this indicates a need for case management resources.

Cost Benefit Analysis

The Cost Benefit Analysis (CBA) evaluated the costs and benefits of three courses of action (COAs) for the VISN 20 Inland North Market: Status Quo, Modernization, and VA Recommendation. Status Quo includes costs associated with FCA deficiencies and represents no significant change in capital and operational costs. Modernization seeks to modernize all existing health care infrastructure. The VA Recommendation implements the market recommendation and seeks to modernize any remaining health care infrastructure.

- **Costs:** The present value cost⁵⁷ over a thirty-year period was calculated for each COA, inclusive of capital and operational costs. Capital costs included costs associated with construction of new facilities, modernization of current facilities, leases, land acquisition, and demolition. VA operational costs included direct costs (e.g., medical service costs), indirect costs (e.g., administrative costs), and VA special direct costs (e.g., suicide prevention coordinators). Non-VA care costs include direct costs (e.g., payments for patient care), indirect costs (e.g., care coordination), overhead costs (e.g., national program costs), and administrative per member per month costs (e.g., third party administration of the Community Care Network).
- **Benefits:** Benefits were evaluated based on five key domains: Demand and Supply, Access, Facilities and Sustainability, Quality, and Mission.

The CBA leveraged both the costs and benefits to generate the Cost Benefit Index (CBI) – a simple metric used to compare the costs and benefits associated with each COA. The COA with the lowest CBI is the preferred COA. The results of the CBA for the VISN 20 Inland North Market are provided in the following table. For more detailed information on the market CBA, please see Appendix H.

VISN 20 Inland North Market	Status Quo	Modernization	VA Recommendation
Total Cost	\$14,337,952,108	\$14,587,469,825	\$14,078,791,268
Capital Cost	\$895,269,683	\$1,144,787,400	\$1,152,962,815
Operational Cost	\$13,442,682,425	\$13,442,682,425	\$12,925,828,452
Total Benefit Score	7	10	14
CBI (normalized in \$B)	2.05	1.46	1.01

Note: Operational costs are shifted from VA to non-VA care only when a service line is relocated in totality to non-VA care at the parent facility level. Total cost is a sum of operational and capital costs rounded to the nearest dollar.

⁵⁷ The present value cost is the current value of future costs discounted at the defined discount rate.

Section 203 Criteria Analysis

This section provides an overview of how this market recommendation is consistent with the Section 203 decision criteria as required by the MISSION Act. For more detailed information, please see Appendix I.

Demand

This recommendation is consistent with the Demand criterion, aligning VA's high-performing integrated delivery network resources to effectively meet the future health care demand of the Veteran enrollee population with the capacity in the market.

- **Summary:** Following implementation of the recommendation, the capacity available through VA facilities and community providers would be able to support 100% of the projected enrollee demand.
- **Outpatient:** Outpatient demand will be met through 14 VA points of care offering outpatient services, including the proposed expanded Yakima, Washington MS CBOC and the proposed replacement Richland, Washington MS CBOC, as well as community providers in the market.
- **CLC:** Long-term care demand will be met through the Spokane, Washington VAMC, as well as community nursing homes.

The recommendation ensures that projected demand for SCI/D, RRTP, and blind rehabilitation is sufficiently met through VA-only capacity in the respective VISN or blind rehabilitation region.

- **SCI/D:** Demand for inpatient SCI/D will be met through the SCI/D Hub at the Seattle, Washington VAMC (VISN 20).
- **RRTP:** RRTP demand will be met through the proposed new RRTP at the Spokane, Washington VAMC and the other facilities within VISN 20 offering RRTP, including the White City, Oregon VAMC; Portland-Vancouver, Washington VAMC; American Lake, Washington VAMC; Boise, Idaho VAMC; and the proposed new stand-alone RRTP in Anchorage, Alaska.
- **Blind rehabilitation:** Inpatient blind rehabilitation demand will be met through the facilities in the Northwest Region, including the American Lake, Washington VAMC (VISN 20) and the Palo Alto, California VAMC (VISN 21).
- **Inpatient acute:** Inpatient medicine and surgery demand will be met through the proposed new partnership in Spokane, Washington, as well as through community providers; mental health demand will be met through the Spokane, Washington VAMC, as well as through community providers.

Access

This recommendation is consistent with the Access criterion, maintaining or improving Veteran access to care in the market and providing Veterans the opportunity to choose the care they trust throughout their lifetime. The Access criterion evaluates enrollee access to care in the current and proposed future state across multiple service lines. It is evaluated for both the overall enrollee population as well as for specific subpopulations of enrollees that traditionally face barriers in receiving appropriate care, including minority enrollees, enrollees over 65, women enrollees, rural enrollees, and enrollees living in disadvantaged neighborhoods. Below are the access results for both primary care and outpatient specialty care among the overall enrollee population.

- **Access to primary care:** Following implementation of the recommendation, the number of enrollees within 30 minutes of primary care available through VA facilities and community providers is projected to be maintained, with 71,197 enrollees within 30 minutes of primary care in the future state.
- **Access to specialty care:** Following implementation of the recommendation, the number of Veterans within 60 minutes of specialty care available through VA facilities and community providers is projected to be maintained, with 73,564 enrollees within 60 minutes of specialty care in the future state.

Mission

This recommendation is consistent with the Mission criterion, providing for VA's second, third, and fourth health related statutory missions of education, research, and emergency preparedness.

- **Education:** The recommendation for this market supports VA's ability to maintain its education mission in VISN 20. The recommendation allows for continued relationships with key academic partners, including but not limited to, the affiliations with the Spokane Teaching Health Center, Pacific Northwest University, Washington State University-Spokane, and University of Washington.
- **Research:** This recommendation does not impact the research mission in the market; the Spokane, Washington VAMC and Walla Walla, Washington VAMC do not have research programs.⁵⁸
- **Emergency preparedness:** This recommendation maintains VA's ability to execute its emergency preparedness mission; the Spokane, Washington VAMC and Walla Walla, Washington VAMC are not designated as a Primary Receiving Centers.

⁵⁸ Research programs were determined by FY 2021 total VA funded research dollars per the Research and Development Information System (RDIS).

Quality

This recommendation is consistent with the Quality criterion, considering the quality and delivery of health care services available to Veterans in the market, including the experience, safety, and appropriateness of care.

- **Quality among providers:** The recommendation ensures that all providers included within the high-performing integrated delivery network meet the established quality standards by provider type (outlined in Appendix E).
- **Quality improvements through new infrastructure:** Quality is improved through the proposed replacement Richland, Washington MS CBOC; proposed new Spokane, Washington partnership; and RRTP at the Spokane, Washington VAMC. This new infrastructure will aid in improving the patient experience with care delivery provided in modern spaces and aid in the recruitment of staff with facilities offering the latest technology.
- **Promoting recruitment of top clinical and non-clinical talent:** The recommendation maintains VA's academic and non-academic partnerships, which supports the recruitment and retention of top clinical and non-clinical talent.

Cost Effectiveness

This recommendation is consistent with the Cost Effectiveness criterion, providing a cost-effective means by which to provide Veterans with modern health care. The Cost Effectiveness criterion was assessed through a CBA summarized in the CBA section and detailed in Appendix H.

- **CBI:** The CBI is the primary metric for cost effectiveness. The CBI for the VA Recommendation COA is lower than the Status Quo COA (1.01 for VA Recommendation versus 2.05 for Status Quo), indicating that the VA Recommendation is more cost effective than the Status Quo.

Sustainability

This recommendation is consistent with the Sustainability criterion, creating a sustainable health care delivery system for Veterans. It ensures that the health care delivery system proposed for the market is aligned with future demand, allowing it to sustainably operate and provide a safe and welcoming health care environment that meets modern health care standards.

- **Aligns investment in care and services with projected Veteran care needs:** All facilities in the future state of this market meet the minimum demand threshold to support sustainable services.
- **Sustainability improvements through new infrastructure:** Within this recommendation, sustainability is improved through the proposed replacement Richland, Washington MS CBOC; proposed new Spokane, Washington partnership; and RRTP at the Spokane, Washington VAMC. This new infrastructure modernizes VA facilities to include state-of-the-art equipment that will aid in the recruitment of providers and support staff. The proposed partnerships also help VA in recruiting and retaining staff, by embedding providers in a community partner space.
- **Reflects stewardship of taxpayer dollars:** The cost of the market recommendation is less than the cost to modernize facilities in the market today (\$14.1B for VA Recommendation versus \$14.6B for Modernization). In addition, there are benefits realized through the market recommendation in at least one of the five domains assessed by the CBA that are not realized through the modernization approach. As a result, the CBI score for the VA Recommendation COA is lower than the Modernization COA (1.01 for VA Recommendation versus 1.46 for Modernization), reflecting effective stewardship of taxpayer dollars.